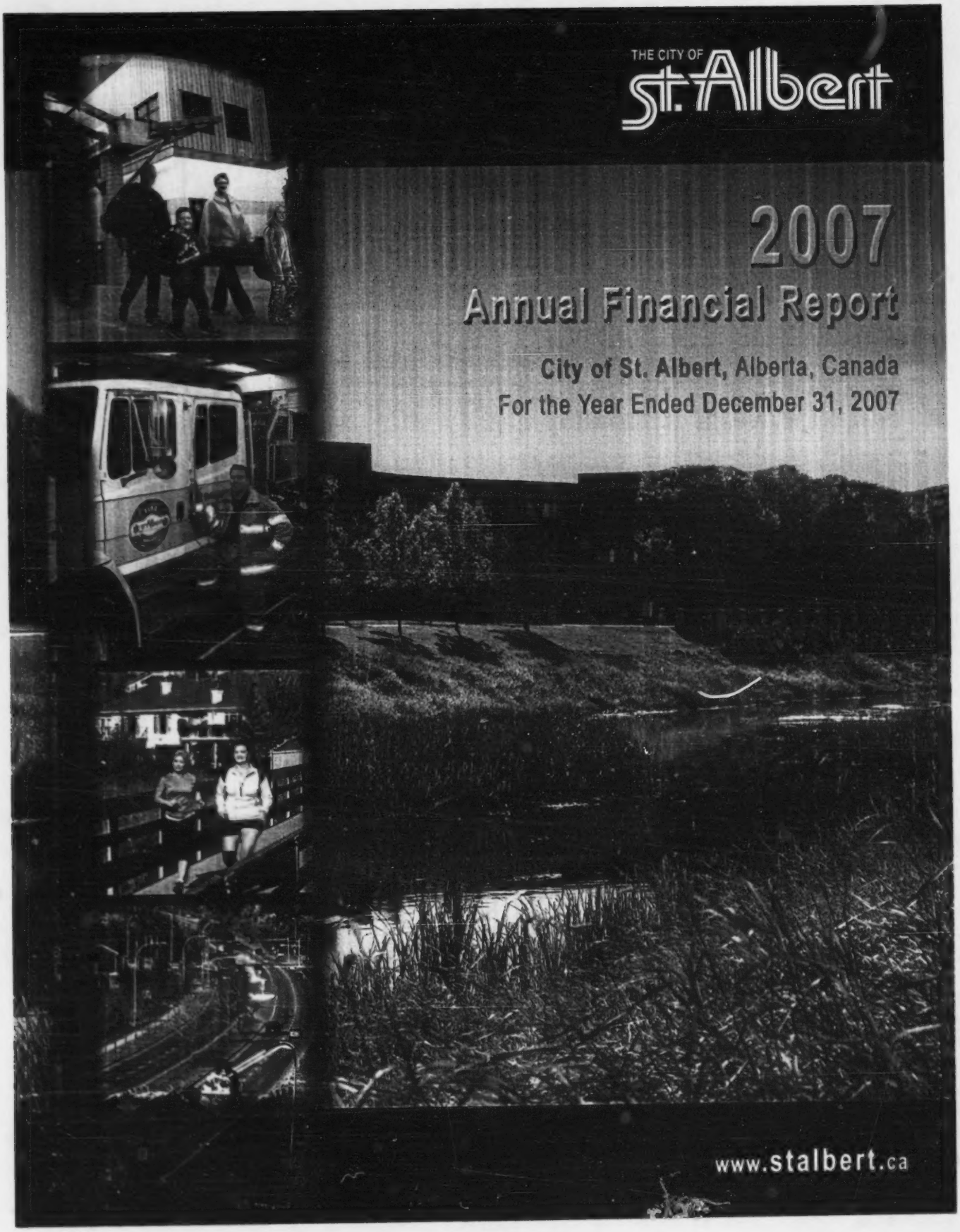
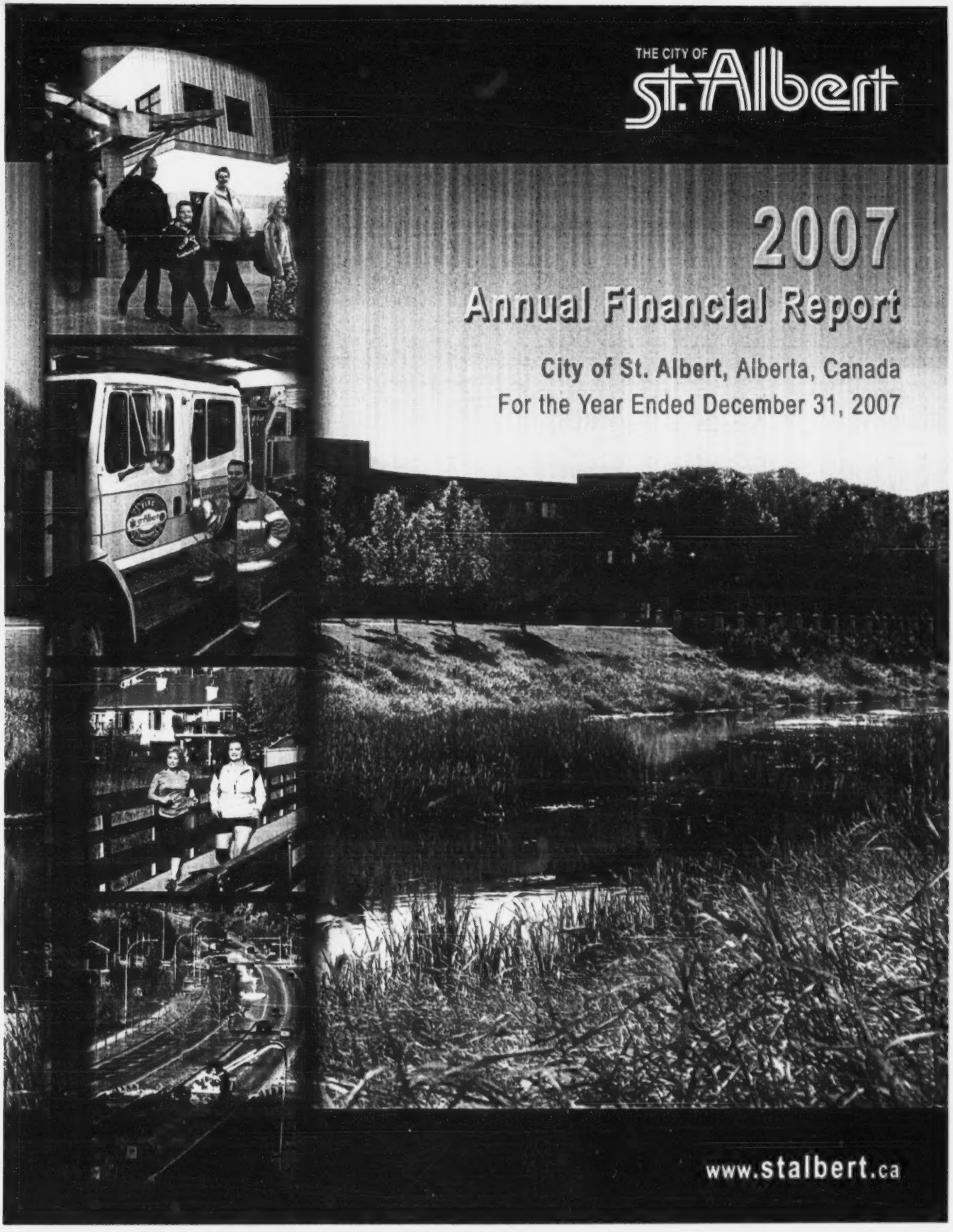

THE CITY OF
St. Albert
2007
Annual Financial Report
City of St. Albert, Alberta, Canada
For the Year Ended December 31, 2007
www.stalbert.ca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The City of St. Albert
2007 Annual Financial Report

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Introductory Section

THE CITY OF St. Albert

The City of St. Albert
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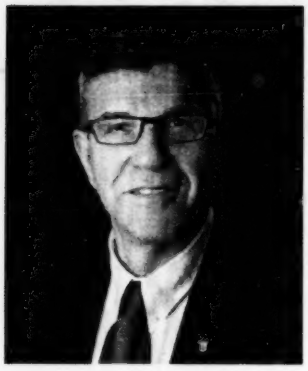
2007
Annual Financial Report

Introductory Section

THE CITY OF St. Albert

Message from the Mayor



On behalf of City Council, I am pleased to present the 2007 Annual Financial Report.

Like any year, 2007 had its share of notable accomplishments and challenges. As a result, the experiences of this past year will serve to strengthen and enhance what is already a great community to live in.

The year 2007 was the first half of the City's two-year budget, which was established to set and achieve long-term goals. This provided residents an opportunity to understand the City's direction and how that direction would impact the community. As the city and province continue growing, foresight in planning will be essential. City Council is committed to making sound financial decisions in the best interest of the community as a whole.

The community saw a number of significant accomplishments in 2007. These included: the opening of stages 1 and 2 of Ray Gibbon Drive; the start of construction on Fire Station #3 in Northridge; the approval of the City's annexation of land in Sturgeon County, providing sufficient space for growth to a population of 100,000; and, on the athletics front, the return of Alberta Junior League Hockey, with the introduction of the St. Albert Steel.

Although St. Albert's new multipurpose leisure facility endured financial challenges in its first full year of operation, Servus Credit Union Place has experienced significant success in terms of facility use and sporting events. Servus Credit Union Place provides great social benefit to the community and the City is currently implementing a series of recommendations to improve its overall performance and move toward long-term financial sustainability.

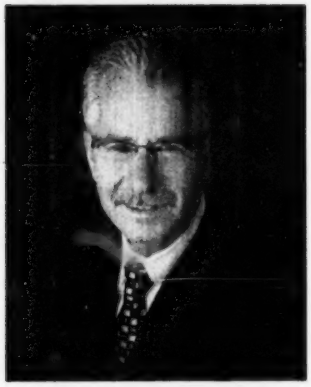
Strengthening St. Albert's economy is one of City Council's top priorities. In the coming year, Council will be making decisions on study areas located in the newly annexed lands and encouraging further non-residential development, leading to a more favourable tax assessment split in the future.

A look back on 2007 reveals the many steps taken by the City to ensure St. Albert remains a vibrant, sustainable community. In 2008, City Council and the City's Administration will continue to be committed to innovation in planning, and economic, social and community development – all with the goal of providing our residents with a high-quality lifestyle.

We have much to look forward to in the coming years.

Nolan Crouse
Mayor

Message from the City Manager



In 2007, many efforts and accomplishments focused on preparing the city for the future and providing a high quality of life for St. Albert residents.

According to results from the 2007 Community Satisfaction Survey, 96% of residents said they enjoy a high quality of life in St. Albert. The presence of exceptional amenities plays an important role in community satisfaction and, therefore, the City was pleased to open the newly renovated Woodlands Water Park and Grosvenor Outdoor Pool in 2007.

The City has also made significant progress in planning and working toward building a sustainable community. The ongoing commitment to quality services, the addition of a third Fire Station, the formation of the St. Albert Affordable Housing Society and the increased focus on environmental initiatives are all signs of the City's continued efforts to manage growth and plan for the future.

With the completion of the Municipal Development Plan in 2007 and the upcoming completion of the Utility and Transportation Master Plans, the City will be in a good position for growth. This includes pursuing further non-residential development to help strengthen the local economy and working toward a tax assessment split that relies less on residential taxes.

In April, the provincial government announced a 10-year Municipal Sustainability Initiative to assist municipalities with funding to address growth challenges. Through this initiative, St. Albert will see a total of $163-million over 10 years. The funds will be rolled into the City's 10-Year Capital Plan and will be invested in projects that ensure the city's long-term sustainability.

Going forward, we will continue to exercise prudence in planning and maintain an open dialogue with residents, both of which are paramount to achieving the community we envision. Together, we will build on the successes and learn from the challenges of 2007, making our community an even better place to call home.

Bill Holtby
City Manager

City Council and Administration

City Council

Mayor Nolan Crouse

Councillor Len Bracko

Councillor James Burrows

Councillor Lorie Garritty

Councillor Gareth Jones

Councillor Roger Lemieux

Councillor Carol Watamaniuk

Civic Administration

Bill Holtby
City Manager

Neil Jamieson
General Manager, Planning and Engineering

Dean Screpnek
General Manager, Corporate Services

Gail Barrington-Moss
General Manager, Community and Protective Services

Bob Treidler
General Manager, Business and Strategic Services

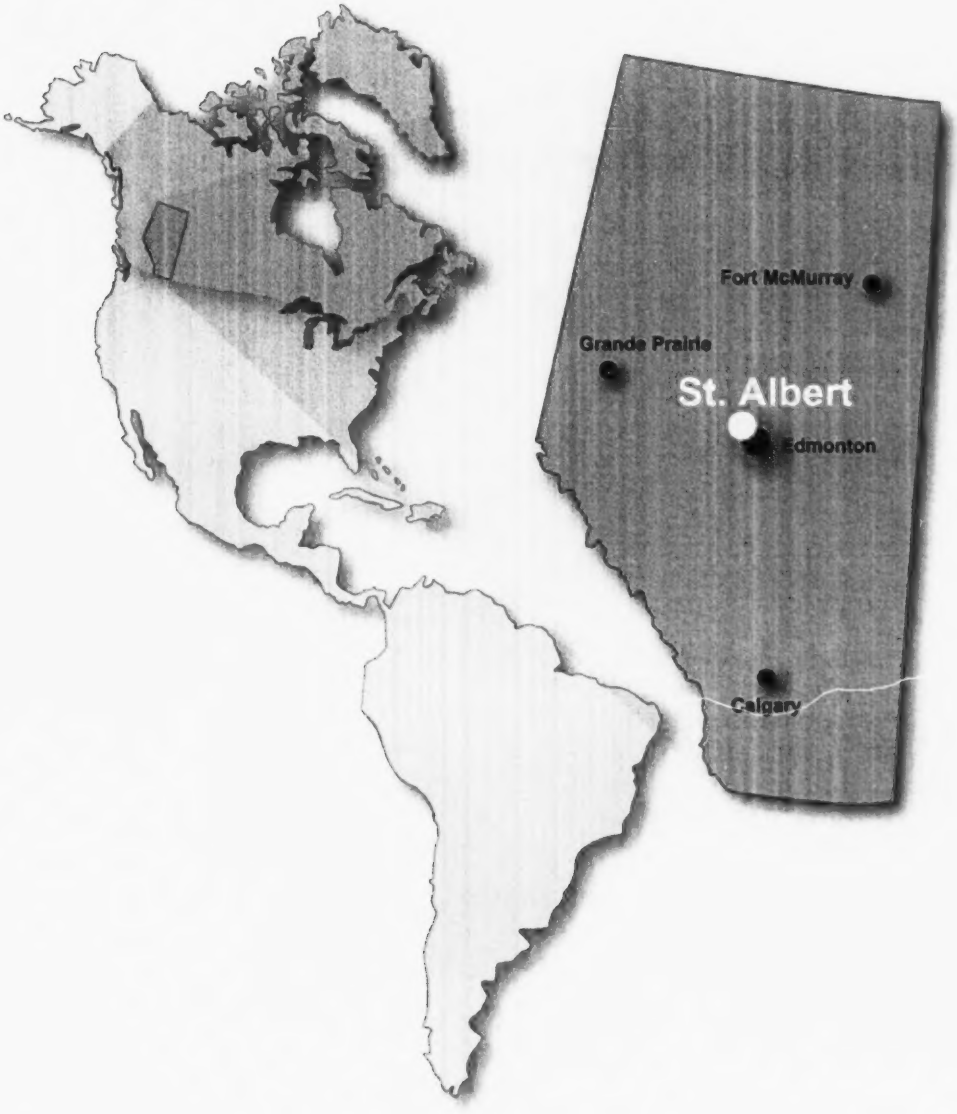
City Auditor

KPMG LLP

City Banker

Royal Bank of Canada

City of St. Albert
Alberta, Canada



City Profile

The City of St. Albert offers a wealth of amenities and services, all of which contribute to high-quality lifestyles for residents and great experiences for visitors. Residents, visitors and members of the business community continue to enjoy urban advantages in a friendly atmosphere, making St. Albert Alberta's finest city.

A picturesque landscape with an extensive trail system and abundance of green space provide significant advantages to St. Albert's residents. Many sports facilities, including the largest multipurpose leisure facility of its kind in Western Canada, make St. Albert an ideal destination for those who enjoy an active lifestyle. Adding to the appeal is St. Albert's rich culture and heritage, as well as its appreciation for arts and entertainment – all of which are celebrated through various events, festivals, shows and exhibits all year long.

A booming economy, a regional trade area exceeding 1 million people and a wealth of accessible transportation routes make for unique, profitable business opportunities in St. Albert.

With a respect for tradition paired with innovation, the City of St. Albert strives to manage growth and achieve a vision of community sustainability.

Government Structure

A Mayor and six Councillors govern the City of St. Albert. They are elected at large by residents and serve a three-year term. City Council governs in accordance with powers granted under the Municipal Government Act, and is responsible for setting policy, regulations and passage of annual budgets.

The City Manager has divided the organization into four divisions, headed up by General Managers. These four divisions — Business and Strategic Services, Corporate Services, Planning and Engineering, Community and Protective Services — are then divided into 19 departments, each of which are managed by a Director.

The City Manager and the four General Managers make up the City's Senior Leadership Team, while the overall management group, which includes the departmental Directors, comprises the City's Leadership Team. Over 700 employees collaborate to serve residents and maintain City business and operations.

Local Economic Condition and Outlook

St. Albert experienced further growth in 2007, reaffirming the desires of City Council and Administration to focus on community sustainability. Long-term economic and social wealth remains at the forefront of decision-making. Priorities revolve around balancing the side effects of growth with the needs of today's population, which is accustomed to a small-town feel and first-rate services and amenities.

The 2006 Federal Census released in early 2007 indicated St. Albert's population to be 57,719. St. Albert currently derives 11% of its property tax assessment from commercial and industrial properties - the average for cities in Alberta is approximately 28%. As the City continues efforts to attract commercial properties and clean industry, the current assessment mix combined with demands for a wide array of quality services will continue to drive priorities and plans throughout 2008 and 2009.

While a decrease in the value of residential construction occurred this past year, many factors contributed to the surge in non-residential construction. This increase is a positive sign as the City strives to expand the tax base in St. Albert and attract and retain more businesses.

The economy continues to see growth, causing new challenges for the City and its residents. Accommodating the housing demand, collaboratively and effectively developing land, reaching sound, sensible planning decisions and maintaining levels of service are vital to resolving these challenges.

Despite these newer challenges, the City not only remains committed to effectively managing growth, but also continuing with the tradition of providing its residents with a high-quality lifestyle.

The Year in Review

The highlights and accomplishments of 2007 show the City's commitment to long-term planning and effective service delivery. The year's challenges, including those pertaining to Servus Credit Union Place, provided valuable learning opportunities for City Administration and Council.

Outlined in the 2007 Council Priorities are items pertaining to infrastructure management, marketing, strategies related to the environment, affordable housing, safety and much more. Looking back on this past year, the successes in these areas are many.

Quality of Life

As evidenced by the 2007 St. Albert Community Satisfaction Survey, the perceived quality of life in the city remains high. The majority of residents (96%) provided a positive rating for the quality of life in St. Albert.

When asked to name the most significant factors that contribute to a high quality of life in St. Albert, respondents listed the parkland, green spaces or river trail system, followed by the friendly atmosphere and size of the city. The results indicate the need to maintain and build on the current level of service in St. Albert to ensure the community remains satisfied as the city grows.

Managed Urban Growth and Form

Annexation
St. Albert's first City-initiated Annexation Order in Council was issued on February 14. The City of St. Albert was awarded the annexation area requested, based on the City's proposed offer to Sturgeon County.

Affordable Housing
The Affordable Housing Board is working towards becoming a non-profit society. The final report of the St. Albert Housing Society Business Plan was reviewed by City Council on July 16.

The City is working with the province on the terms of the affordable housing grant funding and is developing project options with an internal ad hoc committee that consists of representatives from affected departments.

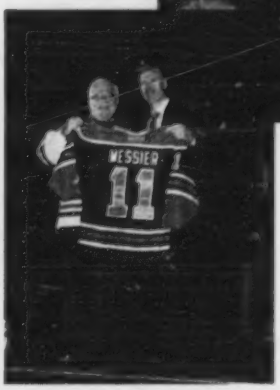
Community Events and Programs

Community Partnerships
The City of St. Albert, in partnership with the Town of Legal, the Town of Morinville and Sturgeon County, is applying for the Cultural Capital of Canada grant. Cultural Services is working with the ACFA (Association Canadienne-Française de l'Alberta) on developing this representative corridor group to jointly apply for and make use of the grant. The grant is for a maximum amount of $750,000 – if successful, the partners will determine an equitable split of the funds.

Northern Alberta International Children's Festival
The 26th International Children's Festival featured 85 main stage performances over five days with a total site attendance of 59,074. Patrons came from across central and northern Alberta as well as from out of province to enjoy local, national and international performing arts companies.

The International Children's Festival is partnering with CFB Edmonton to construct a temporary bridge during the week of the Children's Festival, May 27-May 31, 2008. The bridge will provide easier and safer access to École Father Jan School as well as providing meaningful training for CFB Edmonton.

Mark Messier Celebration
The City of St. Albert held an event on February 27 to celebrate Mark Messier's jersey retirement as an Edmonton Oiler. The event was an opportunity for St. Albert to honour Mark and his family for their contribution to sport in the City.



Safe in St. Albert

The earlier mentioned St. Albert Community Satisfaction Survey also points to residents' high level of agreement that the city is safe; 85% of respondents agreed that, overall, St. Albert is a safe place to live.

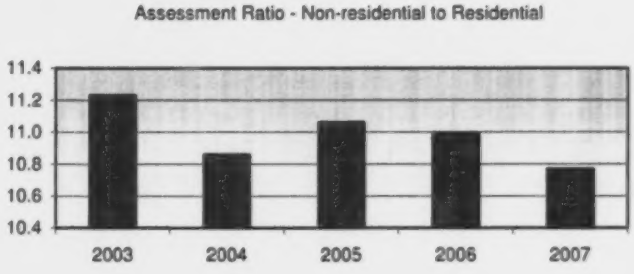
Emergency Response Time
The emergency response time for 2007 is 10.07 minutes, 90% of the time. Response times continue to be above the Council mandate due to continued outward geographic growth of the City which results in greater travel distances from the two existing fire stations.

Solicitor General – Public Security Peace Officer Program
The proclamation of the Peace Officer Act and Regulations occurred on May 1st. The transition from the old Special Constable Program to the new Public Security Peace Officer Program comes with new rules, regulations and increased accountability/reporting in relation to Municipal Peace Officer activities. MES has drafted an all-encompassing Policy Manual that will comply with the new solicitor general regulations. All previous "Special Constables" have received their new Community Peace Officer appointment and identification from the Solicitor General. Uniform and vehicle changes will be taking place in 2008.

Crime Statistics
Generally, crime has decreased in St. Albert. However some types of violations have increased such as crimes against a person, other criminal code violations, drugs and traffic criminal code offences.

Expand, Enhance & Diversify the St. Albert Economy

Assessment Ratio
In 2007, assessment ratio between residential and non-residential has decreased from 11% to 10.8%.



Construction Growth

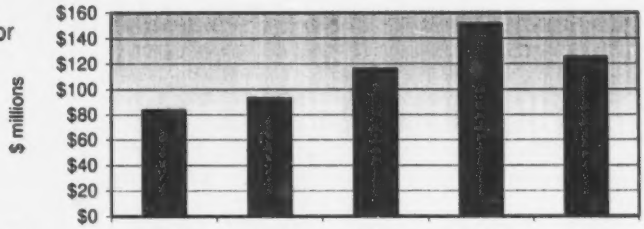
There is a 17% decrease in the value of residential construction in 2007. Factors contributing to this decrease include:

- Fewer homes being built because houses are costing more to build (affordability),
- A number of homebuilders no longer operate in St. Albert,
- Limited supply of residential lots available for builders,
- Lower number of multi-family housing units.

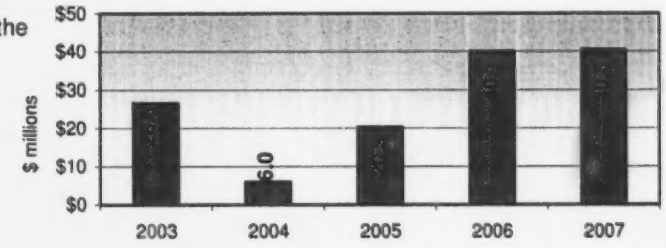
There is a 1.2% increase in the value of non-residential construction growth. Reasons for this growth include:

- $10 million for new fire hall,
- Land sold in Campbell Business Park in 2006 is being developed in 2007,
- Commercial space is being filled, strip malls like Gateway Village have undergone extensive renovations,
- Considerable commercial construction on the Citadel Village (hospital) site.

Value of Residential Construction Growth



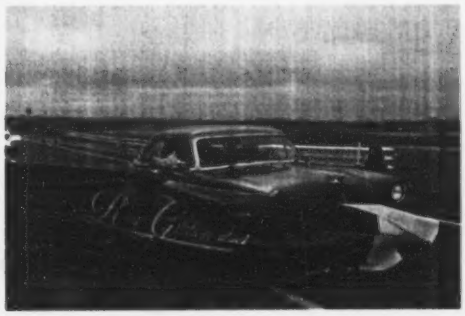
Value of Non-residential Construction Growth (Commercial, Industrial)



Sound Infrastructure Management

Ray Gibbon Drive

Stages one and two of Ray Gibbon Drive are open. A grand opening event for Stage one was held on October 4 with participation from numerous delegates, including current and former Council members, leaders from other municipalities and levels of government and Eileen Gibbon, Ray Gibbon's widow as well as many members of their family.



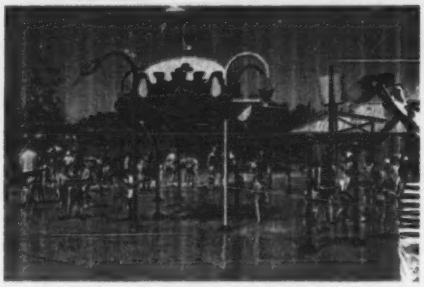
Fire Station #3

City Council approved the final costs for Station #3 on August 20 and construction began during the week of August 27. The total cost of Fire Station #3 will be about $13-million including all associated land and design costs. Anticipated time of completion is the final quarter of 2008. Bi-weekly meetings of the project team continue to monitor progress and to ensure that all stakeholders remain informed.

Municipal Sustainability Initiative

In the April 2007 provincial budget, the Province announced the 10-year Municipal Sustainability Initiative (MSI), which committed $400 million in new investment to municipalities in 2007. By 2010-11, $1.4 billion will be provided to assist municipalities in achieving sustainability. St. Albert will see $163.3 million over the tenure of the MSI program. These funds will go toward much needed projects and will be rolled into the City's 10-year Capital Plan.

Woodlands Water Park Rehabilitation
The Woodlands Water Park was completed for the July long weekend, with high quality workmanship. Based on the number of children and families using the spray park, and anecdotal comments, the public appears very pleased with the facility. The cost was $2,080,000.



Sound Stewardship of the Environment

Reducing Greenhouse Gas Emissions
St. Albert Transit reduced greenhouse gas emissions by 3% in 2006, contributing to an overall reduction of 11.5% since 2003. The reduction was due to an increase in ridership and efficiency improvements (i.e. anti-idling policy, acquisition of newer/cleaner buses).

The City is planning on upgrading the lighting and control systems at St. Albert Place by installing energy efficient systems that will result in both lower operating costs and a reduction in greenhouse gas emissions. The expected payback for the project is just over 5 years. The City is finishing design on Fire Station #3, which is being designed as a LEED Gold Certified Building.

Environmental Initiatives Grant Program
The Environmental Advisory Committee received 17 applications requesting over $35,000 for the newly approved Environmental Initiatives Grant. The grant is funded based on a formula of $0.50/capita/year or approximately $29,000/year.

The applications were received from schools, non-profit groups and community groups with environmentally focused projects. Council was able to fund or partially fund 12 projects. Applications are reviewed in mid-February.

Fiscal Responsibility & Leadership Excellence

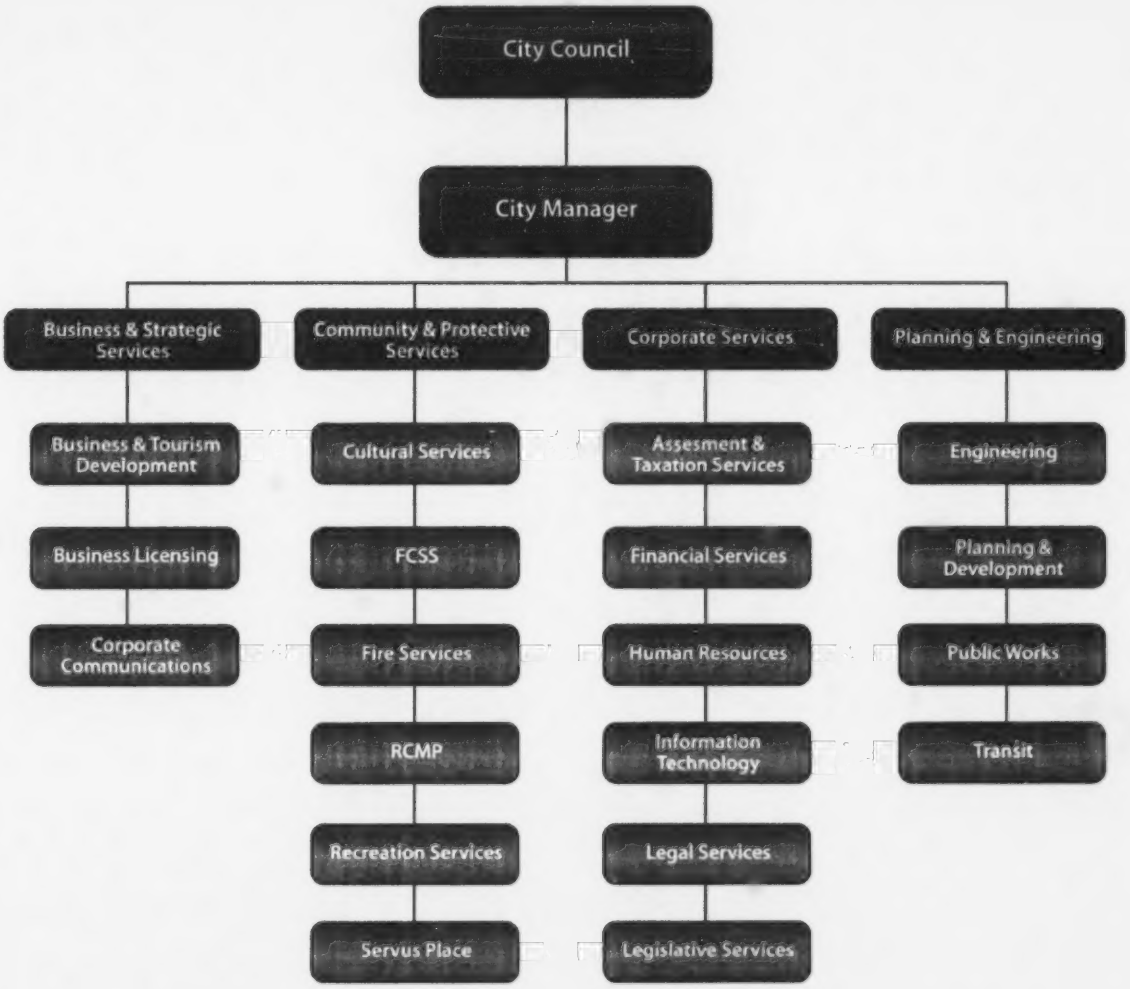
Appointment of Auditors
The Auditor proposal submissions were received and evaluated with KPMG being selected. The interim audit has been completed and staff is putting together a plan for the year-end accounting process.

Banking RFP
The banking RFP was sent out July 31, 2007 and TD Canada Trust was selected as the new City banker. The transition to TD will commence January 1, 2008.

Excellence in Financial Reporting
Financial Services received two Government Financial Officers Association (GFOA) awards in 2007. The first award was the Canadian Award for Financial Reporting, which recognizes municipalities that go beyond the minimum requirements of generally accepted accounting principles, as set by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure.

The second award was the Distinguished Budget Presentation Award that is presented to local governments that prepare budget documents of the very highest quality.

2007 Organizational Chart



Report from the Chief Financial Officer

The City of St. Albert is pleased to present the 2007 Annual Financial Report containing the audited 2007 consolidated financial statements. The City's auditor, KPMG LLP has audited these statements and has provided an unqualified opinion. These financial statements meet the requirements of Section 276 of the Municipal Government Act and are consistent with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. These financial statements represent the consolidated operating and capital activities of the City of St. Albert, including Utilities, the Library, Servus Credit Union Place and the Arts and Heritage Foundation of St. Albert.

This report provides the reader with a clear insight of the financial results for the fiscal year ended December 31, 2007. The City of St. Albert has made every effort to ensure this document presents a fair accounting of the financial position of the Municipality and that financial resources that are entrusted to the City of St. Albert are well managed. This 2007 Annual Financial Report is divided into three sections:

Introductory Section – provides an overview of the political, economic and administrative context within which the municipality operates.
Financial Section – presents the Auditors' Report consolidated financial statements and supporting statements and schedules prepared on a comparative basis.
Statistical Section – presents a variety of relevant financial information on a five-year comparative basis.

The City of St. Albert received the Canadian Award for Financial Reporting for the 2006 Annual Financial Report. We believe the 2007 report also conforms to the program requirements for the Canadian Award for Financial Reporting. For the eighth consecutive year, we will be submitting this report to the Government Finance Officers Association. In order to qualify, the municipality must publish an easily readable and efficiently organized Annual Financial Report that conforms to program standards beyond the minimum requirements of applicable Canadian generally accepted accounting principles. Such a report should clearly communicate the municipality's financial position, enhance an understanding of financial reporting, and address user needs.

Financial Management and Control
The City of St. Albert's management is responsible for the preparation and presentation of the consolidated financial statements and related information in the Annual Financial Report. The accounting firm of KPMG LLP has been appointed by City Council to report directly on the results of their external audit. City Council has approved the budget presented in the financial statements, which is a result of ongoing corporate business planning. In addition, the City of St. Albert reports to City Council and the public on a quarterly basis with comparisons of actual spending to budget, along with other relevant financial information.

Certain financial information is prepared using estimates and judgments that have been based on careful assessment of data through the City's management information systems. We maintain a system of internal controls to provide reasonable assurance as to the fairness and reliability of that information and data. These control systems are regularly reviewed and enhanced as required to ensure the production of timely, accurate and complete financial information to protect and safeguard City assets.

Financial Position
A key financial indicator for municipalities is net financial assets (net debt). This indicator, along with the municipal equity, provides a measure of the overall financial health of a municipality.

With the approval in prior years of Servus Credit Union Place and Ray Gibbon Drive, the City has increased its debt financing as planned, resulting in a net debt position of $40.6 million in 2006 and $48.3 million in 2007. As the City completes the debt financing needs of these projects, the net debt position will start to decrease, as future tax dollars will be required to pay down this new debt over the next 20 years.

The offset to this decrease in net financial assets is the addition of the actual physical assets. These assets have increased the City's municipal equity.

Following are the significant changes from the previous year as shown on the Consolidated Statement of Financial Position.

Capital assets increased by $52.6 million (with 2006 restatement.) This increase included $32.7 million for Transportation and Roadways (Ray Gibbon Drive, McKenney Avenue and Giroux Road), $6.5 million for Utility Services (North Interceptor Phase 2), $5.5 million for Fire Protection (Fire Station #3), $3.5 million for Transit Services (new buses), $3.1 million for Recreation and Parks (Woodlands Waterpark Mechanical Rehab) and $1.3 million for General Administration and Cultural Services.

Long Term Debt increased by $21.7 million due to the final $13.7 million borrowed for Servus Credit Union Place, $11.6 million for Ray Gibbon Drive, and $0.9 million for the Energy Savings Program, offset with $4.5 million in regular debt payments.

The Capital Fund Deficiency of $7.6 million represents capital costs to be financed in 2007 - the largest amounts are for the Ray Gibbon Drive construction costs, transit replacement plan, and expansion buses. These amounts will be financed by reserves and external borrowings during 2008.

Reserves experienced a net increase of $5.4 million in 2007. This net amount is comprised of a drawdowns of $1.1 million from Public Transportation Reserve to cover the purchase of replacement buses and $.8 million from the Utility Reserves to fund utility capital projects. The drawdowns are offset by an increase of $2.8 million to the Revolving Land Fund Reserve due to land sales, a contribution of $3.2 million Pay-As-You-Go funding to the Capital Carry Forward Reserve that remained unspent at the end of 2007, and an increase of $1.3 million to the Operating Carry Forward Reserves to cover projects not completed in 2007.

Financial Activities

The Consolidated Statement of Financial Activities and Change in Fund Balances shows revenues of $132.0 million, expenditures of $139.6 million, and debt payments of $4.3 million.

Revenue increased by $12.5 million from 2006 due to an $5.4 million increase in user fees (development permits), $4.7 million increase in taxes and a $2.4 million increase in return on investments.

The expenditure increase from 2006 ($3.0 million) is made up of a $10.1 million increase in operational expenditures and $7.1 million decrease in capital expenditures. The increase in the cost of operations is due to the addition of Servus Credit Union Place and various cost pressures such as salaries, contracts, utilities, and insurance. Capital fund expenditures increased by $10.7 due to Ray Gibbon Drive but were offset with a decrease in the Recreation and Parks category due to the amount of Servus Credit Union Place construction that took place in 2006.

Municipal Operating Budget
Following are the significant variances from budget before transfers.

SIGNIFICANT FAVOURABLE VARIANCES

1.	Staffing	$ 577,800
2.	RCMP Contract	498,200
3.	Building Permit Revenues	348,100
4.	Ticket Sales	301,000
5.	Transfers from Reserves	269,800
6.	Interest Income	266,200
7.	Tax Rebates	234,700
8.	Donations	214,300
9.	Natural Gas	171,000
10.	Ambulance Revenue and Fire Retainer Fee	146,800
11.	Debenture Principal and Interest	125,200
12.	Other (net of all other accounts)	494,000
	Subtotal	$3,647,100

SIGNIFICANT UNFAVOURABLE VARIANCES

1.	Gas Franchise Fee	$ 375,100
2.	Lesson Fees and Admission Fees	182,000
3.	Artists Fees	172,100
4.	Chemicals	141,500
5.	Electricity	134,600
6.	Insurance Premiums	113,800
	Subtotal	$ 1,119,100

YEAR END POSITION BEFORE YEAR END TRANSFERS (excluding Utilities, Library and Arts & Heritage Foundation) $ 2,528,000

The 2007 municipal operating surplus was $2,528,000. The surplus was transferred as follows:

- $1,000,000 to the Capital Carry Forward Reserve to provide funding for Capital Projects
- $793,000 to the Stabilization Reserve
- $500,000 to the Operating Carry Forwards Reserve for the City of St. Albert's 150 Year Anniversary
- $172,000 to the Operating Carry Forwards Reserve for the Cultural Capital of Canada Grant – matching funds
- $63,000 remains as surplus in the Municipal Operating Fund.

Utility Operating Budget
The City operates four utilities: water, wastewater, storm sewer and solid waste. As a utility there is no subsidy from the Municipal Fund to the utilities. City policy has also restricted the municipality from receipt of any return on investment, dividends or other contributions from the utilities.

The 2007 net utility operations were $165,000 under budget. Following are the significant variances from budget.

SIGNIFICANT FAVOURABLE VARIANCES

1.	Water Purchases	$ 235,700
2.	Transfer from Reserves	204,600
3.	Wastewater Treatment Charges	192,400
4.	Flat Rate Charges	156,800
5.	Landfill and Dryfill	154,500
6.	Other	31,000
	Subtotal	$ 975,000

SIGNIFICANT UNFAVOURABLE VARIANCES

1.	Wastewater Service Charges	$ 238,300
2.	Interest Expense	270,700
3.	Sale of Water	178,300
4.	Local Improvement Tax	122,700
	Subtotal	$ 810,000
YEAR END POSITION BEFORE YEAR END TRANSFERS		$ 165,000

Servus Credit Union Place
After the first full year of operation, it is clear that Servus Credit Union Place is fulfilling a need for the community. Despite this, there were significant operational and financial challenges with the facility, which lead to a deficit of $2,170,380 for the year.

The deficit was eliminated through transfers from the Enterprise Reserve of $1,515,472, and from the City Wide Recreational Facilities Reserve of $96,082 and an allocation of the 2007 operational component of the Municipal Sustainability Initiatives Grant of $558,826.

Capital Budget

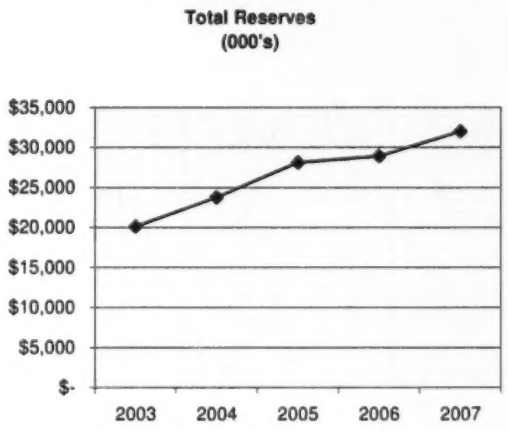
Capital expenditures totalled $54.5 million in 2007. These expenditures are primarily related to the City's road construction projects including Ray Gibbon Drive, McKenney Avenue and Giroux Road. (Schedule 2). Funding for capital projects was mainly from grants, developer levies, reserves and debt. While full funding for all capital expenditures is in place, Schedule 2 reports a closing unfunded balance of $7.6 million; down from $15.7 million in 2006. The nature of this unfunded capital relates to approved debenture funding not yet drawn. In its place, interim internal financing was used to minimize borrowing costs. As projects near completion, administration will draw down on the approved borrowings thereby eliminating this unfunded liability.

As indicated in Note 12 to the consolidated financial statements, the City's capital budget is project specific. Actual revenues and expenditures are recorded in the year the project was started and subsequent years if the project extends into more than one year. This can result in large variances due to the budget representing only 2007 projects, while the actual costs for capital are for projects originally budgeted in 2007, 2006, and earlier years.

Reserves

Reserves are a key tool used by local governments to set aside funds to replace existing capital, provide for emergent needs, stabilize tax rates, and fund future capital projects to reduce reliance on debt financing. When reviewing a local government's financial position, the level of reserves is often confused with the financial health of the municipality. In fact, when used to effectively manage the municipality's capital program, reserve balances may increase for a time and then decrease significantly to address planned capital requirements.

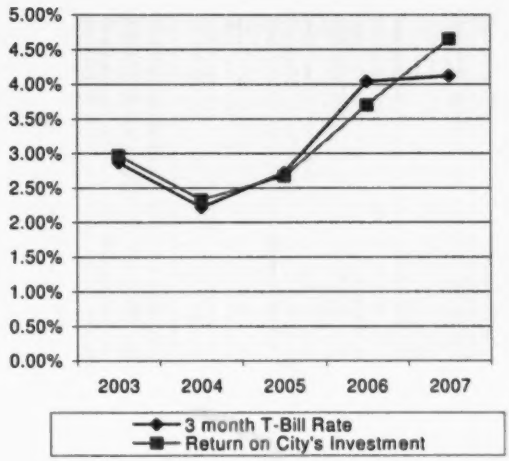
In 2007, reserve balances have increased by $5.4 million. While a number of the reserves are non-discretionary and governed by legislative or contractual obligations, the majority are discretionary reserves, whereby the use is at the discretion of Council. In order to improve the accountability, planning and management of these reserves, each reserve is supported by Council policy and a 10-year plan for its use. The benefits associated with this strategy include improved accountability (i.e. reporting) and monitoring, consolidated management of the reserves throughout the organization, improved planning by incorporating a multi-year focus, and improved cash management by identifying cash flows which will assist in potential longer-term investment opportunities and internal financing capacity.



Investments

City funds are invested according to the City's investment policy with internal control procedures designed to ensure that the daily handling of cash is managed in a secure manner. The purpose of the investment policy is to ensure investments conform to all provincial statutes and regulations while optimizing investment returns, providing maximum security of principal and meeting the City's daily cash flow requirements. Investments are limited to instruments in which the principal is unconditionally guaranteed. Investment performance is benchmarked against the Three Month Federal Treasury Bill rate. A report of the investment portfolio for the City is presented to Council on a quarterly basis to ensure accountability for the nature and diversification of the portfolio to the investment policy. The City's short-term investments earned 4.28% to 5.29%. Long-term investments had a yield of 9.25% and matured in 2007.

Investment Portfolio Performance



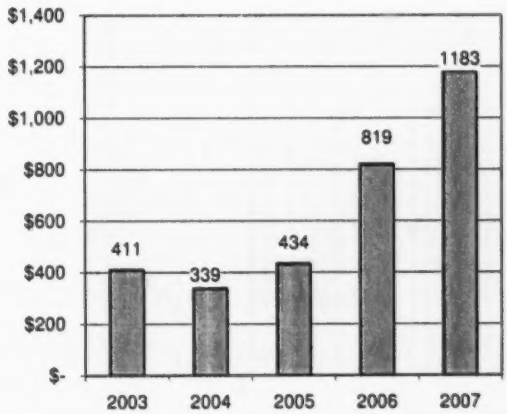
Debt

The City's debt management policy recognizes that excessive debt reduces the organization's flexibility and its ability to handle unforeseen challenges. While being debt averse, the policy focuses debt financing towards major capital projects.

Council's debt policy emphasizes Pay-As-You-Go as the preferred financing option, followed by internal financing, and finally external debt financing. External borrowing terms are limited to a maximum of 15 years, with the exception of major capital projects that may require a longer term of up to 25 years.

In 2004, the approved capital budget included two major projects, Ray Gibbon Drive and Servus Credit Union Place. These two projects alone, due to their significance, resulted in the approval of two 20-year external borrowings, which will increase the City's debt by $22 million and $38 million respectively. A combination of the addition of this new debt along with debt maturities has increased the City's debt per capita from $819 to $1,183. Expected interest rates for 20-year borrowings are under 5%. While the two major projects approved in 2004 are significant, the City will remain within the debt limits established through City policy and as set out by the Province. All borrowing completed by the City has been in the form of debentures through the Alberta Capital Finance Authority (ACFA). These borrowings utilize the strong debt rating of the Province of Alberta along with combined borrowings of other municipalities and education authorities in Alberta. Interest rates are established at the time of borrowing and remain constant throughout the term of the debenture, eliminating the risk associated with fluctuating interest rates. Payments are made annually or semi-annually.

Debt Per Capita



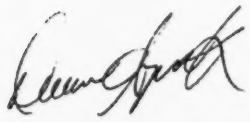
The Future

In support of Council's ongoing long-term planning process, administration has completed its first multi-year budget for 2007 and 2008. In 2009, the City's administration will prepare a 3 year budget for City Council's consideration. It is believed that this process will further strengthen the City's long-term strategic planning and ensure ongoing stability in programs and services.

The approved Public Sector Accounting Board (PSAB) section 3150 (Tangible Capital Assets) requires that all municipalities across Canada implement amortization of all capital assets by 2009. This is a process which is common practice in the private sector but foreign to local governments. The implementation of this section will require additional resources to inventory, classify, value and establish amortization methods prior to reporting for 2009. The implementation of this section will also require the City to address the funding of future amortization costs. Currently, the City is progressing well with respect to becoming compliant by 2009.

St. Albert, with its large residential tax base, also faces issues with regard to its ability to generate additional revenues within the limited sources available. In coordination with other municipalities, the City is working with Federal and Provincial levels of government regarding funding to address civic infrastructure and operating challenges.

This report and the continued success in meeting the challenges of a growing community are made possible through the continuing efforts of all City staff and appreciation is extended to all departments for their ongoing cooperation and assistance.



Dean Screpnek, CMA
General Manager – Corporate Services, CFO
May 26, 2008

Canadian Award for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of St. Albert for its annual financial report for the fiscal year ended December 31, 2005. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high-quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to the GFOA.

Canadian Award for Financial Reporting

Presented to

The City of St. Albert
Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2006

A Canadian Award for Financial Reporting
is presented by the Government of Finance Officers
Association of the United States and Canada
to municipalities whose annual financial reports
achieve the high program standards for Canadian
Government accounting and financial reporting.

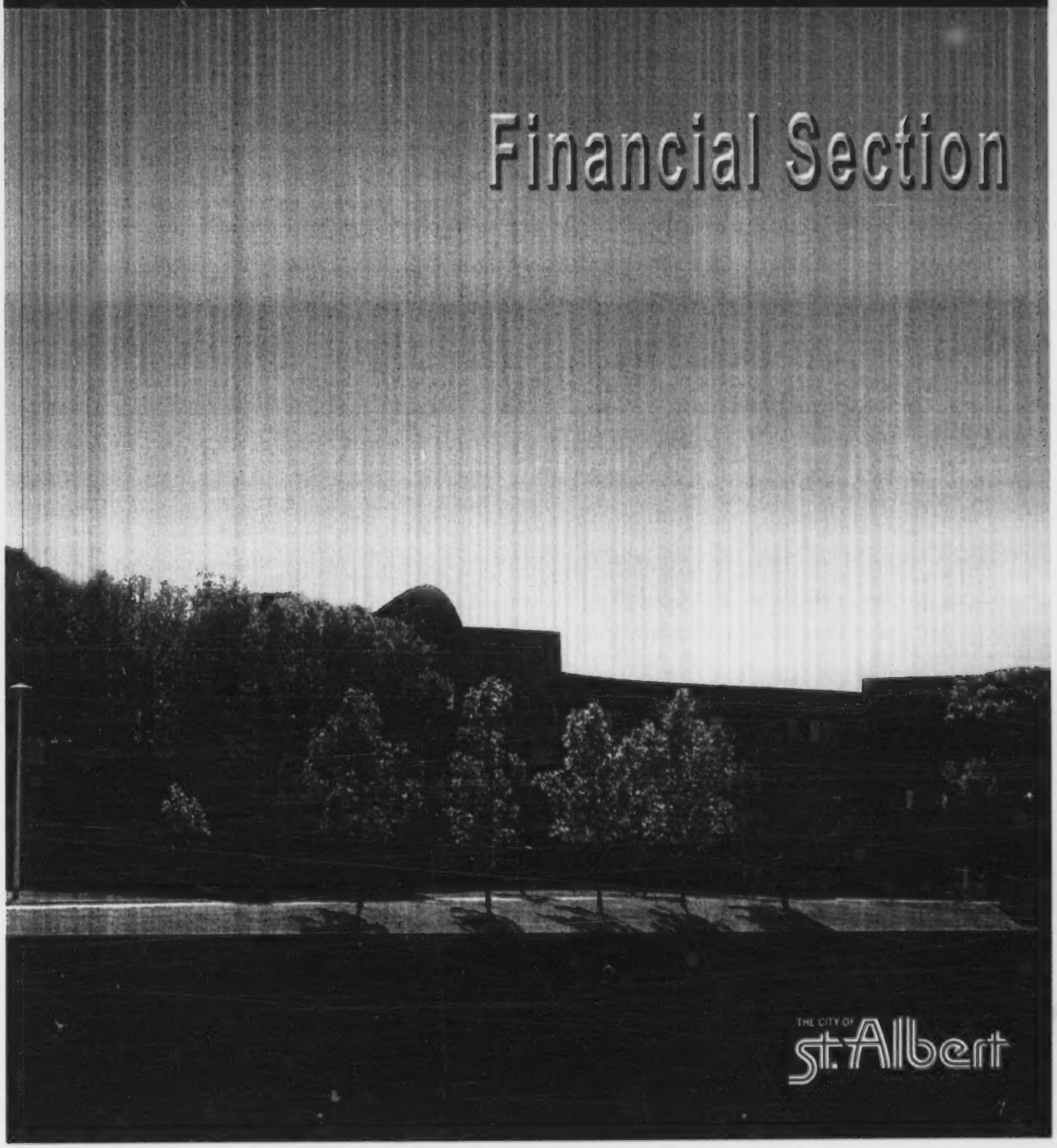
GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

2007
Annual Financial Report

Financial Section



THE CITY OF St. Albert

Canadian Award for Financial Reporting

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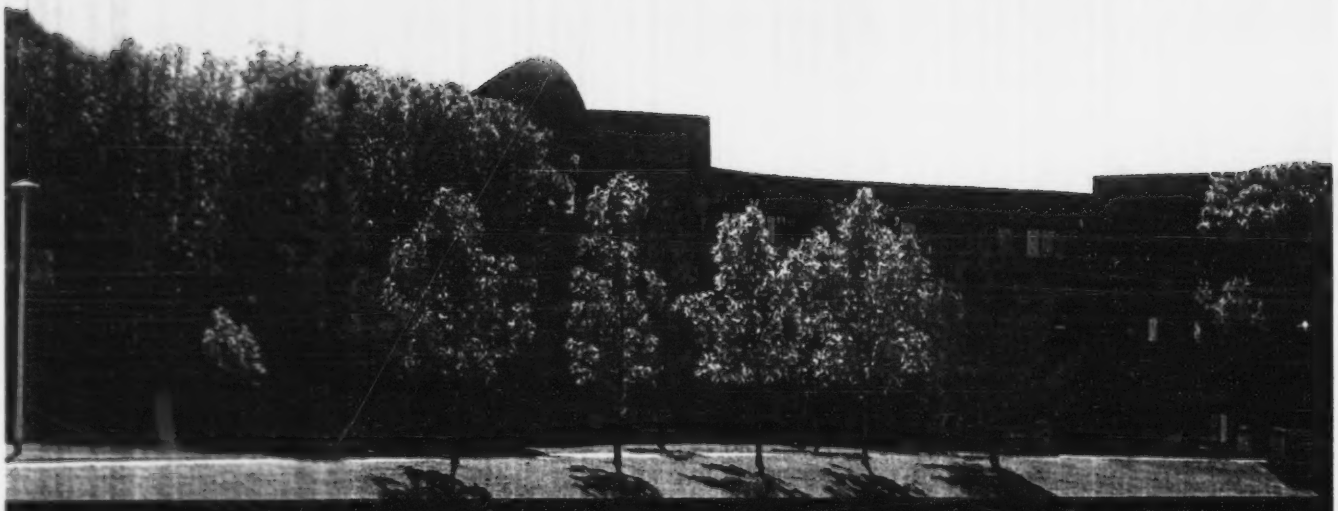
2007
Annual Financial Report

Financial Section



THE CITY OF St. Albert

Management's Report

The management of the City of St. Albert is responsible for the integrity of the accompanying consolidated financial statements and all other information within this Annual Report. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The preparation of the consolidated financial statements necessarily includes some amounts, which are based on the best estimates in judgments of management.

To assist in meeting its responsibility, management maintains accounting, budget, and other financial controls. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, in order that the integrity of financial records is maintained.

The consolidated financial statements have been audited by the independent firm of KPMG LLP. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Bill Holtby
City Manager
May 14, 2008

Jason Labonté, CMA
Director, Financial Services
City Treasurer
May 14, 2008

Auditors' Report

To the Mayor and Members of Council of the City of St. Albert:

We have audited the consolidated statement of financial position of the City of St. Albert as at December 31, 2007, and the consolidated statements of financial activities and change in fund balances and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of St. Albert as at December 31, 2007, and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for December 31, 2006 were reported on by another firm of chartered accountants.

KPMG LLP

Edmonton, Canada
May 14, 2008

Chartered Accountants

THE CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31
(000'S)

	2007	2006 (Restated- Note 16)
Financial Assets		
Cash and Temporary Investments (Note 2)	$ 59,211	$ 37,863
Taxes Receivable	1,055	1,024
Trade and Other Receivables	9,953	8,370
Land Held for Resale	661	912
Investment (Note 2)	-	1,000
	70,880	49,169
Liabilities		
Accounts Payable and Accrued Liabilities	21,341	14,784
Deferred Revenue (Note 3)	24,614	21,454
Landfill Liability (Note 4)	4,956	6,977
Long Term Debt (Note 5)	68,299	46,547
	119,210	89,762
Net Debt	(48,330)	(40,593)
Non-Financial Assets		
Inventories of Materials and Supplies	1,108	950
Capital Assets (Note 6)	428,556	375,946
Prepaid Expenses	232	235
	429,896	377,131
Accumulated Surplus	$ 381,566	$ 336,538
Accumulated Surplus is comprised of:		
Fund Balances		
Operating Fund (Note 7a) (Schedule 1)	$ (4,880)	$ (5,962)
Capital Fund (Note 7b) (Schedule 2)	(7,605)	(15,661)
Reserve Fund (Schedule 3)	33,794	28,423
Total Fund Balances	21,309	6,800
Equity in Capital Assets (Schedule 4)	360,257	329,738
	$ 381,566	$ 336,538

Contingencies (Note 8)

Approved By: _____ Mayor

_____ City Manager

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	2007	Budget 2007 (Note 12)	2006 (Restated - Note 16)
Revenue			
Taxes Available for Municipal Purposes (Schedule 5)	$ 56,674	$ 56,687	$ 51,921
Sales and User Fees (Schedule 7)	33,509	34,468	28,045
Government Grants (Schedule 8)	25,258	22,774	26,200
Return on Investments	3,775	445	1,295
Other Revenue	3,689	840	3,225
Fines and Penalties	3,106	3,160	3,104
Developer Contributions and Levies	3,069	-	2,628
Licences and Permits	1,704	1,406	1,741
Franchise Fees	1,217	1,592	1,379
Total Revenue	132,001	121,372	119,538
Expenditures (Schedule 6)			
Transportation and Roadway Services	40,864	48,695	29,167
Protective Services	22,392	24,568	15,974
Utility Services	22,333	23,188	24,075
Recreation and Parks	20,011	21,094	35,276
Transit Services	12,188	11,213	11,833
General Government Services	9,723	10,546	9,399
Cultural Services	7,512	6,945	6,994
Planning and Development Services	2,614	2,194	1,897
Family and Social Services	1,946	1,896	1,930
Total Expenditures	139,583	150,339	136,545
Deficiency of Revenue Over Expenditures	(7,582)	(28,967)	(17,007)
Add: Long Term Debt Issued	26,401	27,000	25,822
Deduct: Repayment of Long Term Debt	(4,310)	(4,769)	(3,427)
Change in Fund Balances	$ 14,509	$ (6,736)	$ 5,388
Change in Fund Balances Represented By:			
Operating Fund (Schedule 1)	$ 1,082	$ -	$ (303)
Capital Fund (Schedule 2)	8,056	-	3,162
Reserve Fund (Schedule 3)	5,371	(6,736)	2,529
	$ 14,509	$ (6,736)	$ 5,388

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	2007	2006 (Restated - Note 16)
Cash Provided by:		
Operating Activities		
Deficiency of Revenue Over Expenditures	$ (7,582)	$ (17,007)
Net Changes in Non-Cash Items:		
Taxes Receivable	(31)	148
Trade and Other Receivables	(1,583)	826
Land Held for Resale	251	510
Prepaid Expenses	3	(44)
Inventories of Materials and Supplies	(158)	(16)
Accounts Payable and Accrued Liabilities	6,557	(4,487)
Landfill Liability	(2,021)	236
Deferred Revenue	3,160	(1,490)
Net Cash Used in Operating Activities	(1,404)	(21,324)
Investing		
Proceeds from disposal of investment	1,000	-
Financing		
Long Term Debt Issued	26,401	25,822
Repayment of Long Term Debt	(4,649)	(3,737)
Net Cash Provided by Financing Activities	21,752	22,085
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING YEAR	21,348	761
Cash and Temporary Investments at Beginning of Year	37,863	37,102
CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	$ 59,211	$ 37,863

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(000'S)

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of St. Albert are the representations of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The consolidated financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized below:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances, and changes in financial position of the reporting entity. The entity is comprised of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. In addition to the City's municipal government operations, they include the City of St. Albert Public Library, the Arts & Heritage Foundation of St. Albert and utility operations. Interdepartmental and organizational transactions and balances are eliminated.

b) Use of Estimates

The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of consolidated financial statements for a period involves the use of estimates and approximations that have been made using careful judgement. Actual results could differ from those estimates and approximations.

c) Basis of Accounting

The City organizes and operates its accounting system to segregate programs which reflect the net costs of carrying on a specific activity. These programs are organized and operate as separate accountable entities of the City. Revenue, which is not directly related to any specific program, is reflected in General Municipal Revenue.

i) Revenue

Revenue is accounted for in the period in which the transactions or events occurred that gave rise to the revenue. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

ii) Expenditures

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

d) Fund Accounting

Municipal funds consist of the operating, capital, and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account.

i) Operating Fund

Operating fund represents the amounts available to offset future operational revenue requirements.

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(000'S)

ii) Capital Fund

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

iii) Reserve Fund

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and from the reserve fund are reflected as an adjustment to the respective fund.

iv) Equity in Capital Assets

Equity in capital assets represents the City's net investment in its capital assets after deducting the portion financed by third parties through debenture, long-term capital borrowings, capital leases, and other capital liabilities which will be repaid by the City.

e) Land Held For Resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

f) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

g) Inventories of Materials and Supplies

Inventories of materials and supplies consist mainly of parts and road maintenance materials and are valued at the lower of cost and net realizable value.

h) Capital Assets

Capital assets are reported as expenditures in the period they are acquired. Capital assets are reported at cost except for donated assets, which are reported at estimated fair value.

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the related capital asset costs.

Capital assets for government purposes are not depreciated.

i) Tangible Capital Assets – new accounting standards

Effective January 1, 2007, the City of St. Albert adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 – Tangible Capital Assets of the Public Sector Accounting handbook comes into effect on January 1, 2009.

As of December 2007, the City of St. Albert recorded tangible capital assets including assets held under capital leases at cost in the period they were acquired on the statement of financial position and as an expenditure within the capital fund. All capital assets under all entities have not been amortized.

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(000'S)

During 2007, the City of St. Albert continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2007, the City has obtained a complete inventory listing and values for land, buildings, machinery & equipment, and vehicles. A listing of assets for engineered structures is currently underway. To implement amortization on all asset classes, the City will validate the useful life and values, including any discounting by relevant inflation factor, adjustments and write-downs. The capitalization and amortization are drafted and are subject to approval at December 31, 2007. This process will be completed by December 31, 2008. The effects of these changes have not been calculated or disclosed in the statements.

As of January 1, 2007, capital assets including assets held under capital leases are recorded at cost in the period they were acquired and recorded as an expenditure within the capital fund. Donated assets related to waterworks and wastewater distribution and collection systems are capitalized and are recorded at their estimated fair value upon requisition. Works of art for display are not included as capital assets. Certain capital assets for which historical cost information is not available has been recorded at current fair market value discounted by a relevant inflation factor.

The City of St. Albert does not capitalize interest as part of the costs of its capital assets.

j) Government Grants

Government grants are recognized in the financial statements in the period that the events giving rise to the grants occurred, providing the grants are authorized, the City has met any eligibility criteria, and reasonable estimates of the amounts can be made.

k) Pension Expenditures

Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due.

2. CASH AND TEMPORARY INVESTMENTS AND INVESTMENT

	2007	2006
Cash and Temporary Investments		
Cash	$ 11,242	$ 6,761
Temporary Investments	47,969	31,102
	$ 59,211	$ 37,863
Investment		
City of Edmonton Bonds at 9.25%	$ -	$ 1,000

Cash includes cash on hand and balances with banks, net of bank overdrafts.

Temporary Investments are comprised of Short Term Deposits, Banker's Acceptances, Commercial Papers and Guaranteed Notes having yields ranging from 4.38% to 4.89% (2006 – 4.29% to 4.36%) maturing within 3 months.

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(000'S)

3. DEFERRED REVENUE

Included in deferred revenue are the below noted funds, the use of which, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified:

	2007	2006 (Restated – Note 16)
Alberta Municipal Infrastructure Program	$ 7,326	$ 7,991
Basic Capital Grant	2,627	5,406
Municipal Sustainability Initiative	2,619	-
New Deal for Cities & Communities	2,264	-
New Deal for Cities & Communities - Public Transit	1,115	-
Infrastructure Canada – Alberta Program (ICAP)	-	261
Developer Contributions	4,709	4,021
Other	3,954	3,775
	$ 24,614	$ 21,454

Under the funding agreements with the Provincial and/or Federal Government, the use of these funds is restricted to eligible expenditures on capital projects as approved by the governments.

4. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires post-closure care of landfill sites, which includes final covering and landscaping, plumbing of groundwater and leachates from the sites, and ongoing environmental monitoring, site inspections and maintenance. The City received an Environmental Canada order to undertake additional capping and grading measures in 2005 to prevent leaching into the Sturgeon River from its landfill. The City is continuing with its ongoing monitoring program of the former landfill and sewage lagoons in Riel Park including the submission of reports to Environmental Canada. The groundwater monitoring of the site has been ongoing since 1999 and the program was expanded in June 2004 in consultation with the regulators. The Site Management Alternative report was completed in December 2005 and the City met with the regulators to discuss the alternatives and the recommended action plan. The action plan includes objectives that will maintain the integrity of the containment berms, minimize the generation of leachate and continued monitoring of the groundwater.

The City's estimated total liability is based on the sum of discounted future cash flows for post-closure activities from 2008 to 2013 using a discount rate of 4.59% assuming annual inflation of 5%.

	2007	2006 (Restated – Note 16)
Estimated post-closure costs	$ 324	$ 381
Estimated closure costs	4,632	6,596
Estimated total liability	$ 4,956	$ 6,977

During the year, the City paid $2,291 (2006 - $75) of costs related to the landfill closure and post closure liability. Accretion expense recorded in 2007 was $270 (2006 - $309).

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(000'S)

5. LONG TERM DEBT

Long term debt consists of debenture debt and obligations under capital lease comprised as follows:

	2007	2006
Debenture Debt	$ 68,055	$ 46,301
Obligations under Capital Lease	244	246
	$ 68,299	$ 46,547

a) Debenture Debt

Debenture debt interest payments are recorded as expenditures in the Consolidated Statement of Financial Activities and Change in Fund Balances. Principal repayments on debenture debt, pertaining to capital assets, are added to equity in capital assets in the year of repayment.

	2007	2006
Municipal Tax Supported Debentures	$ 67,995	$ 46,190
Local Improvement Supported Debentures	-	25
Utility Rate Supported Debentures	60	86
	$ 68,055	$ 46,301

Debenture debt has been issued on the credit and security of the City of St. Albert. Debentures are held by the Alberta Capital Finance Authority. The debentures are payable in annual or semi-annual amounts and mature in periods ranging from 2008 to 2027.

Debenture principal and interest amounts due in each of the next five years are as follows:

	Principal	Interest	Total
2008	$ 4,434	$ 3,346	$ 7,780
2009	4,310	3,083	7,393
2010	4,120	2,849	6,969
2011	4,349	2,632	6,981
2012	3,731	2,403	6,134
Thereafter	47,111	16,015	63,126
	$ 68,055	$ 30,328	$ 98,383

Debenture interest is payable, before Provincial subsidy, at rates ranging from 4.197% to 12.00% per annum.

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The Province of Alberta currently provides an interest subsidy in the form of an interest subsidization grant on debenture issues. Subsidies are expected to continue for the full duration of all debt issued prior to March 31, 1982, as follows:

Period of Debenture Issue	Maximum Interest Rate Payable After Provincial Subsidy
January 1, 1974 – March 31, 1980	9.6%
April 1, 1980 – March 26, 1981	10.4%
March 27, 1981 – March 31, 1982	11.6%

b) Obligations Under Capital Lease

Capital lease interest payments are recorded as expenditures in the Consolidated Statement of Financial Activities and Change in Fund Balances. Principal repayments on obligations under capital lease are recorded as a reduction in the obligation.

	2007	2006
Total Long Term Capital Leases	$ 244	$ 246

Capital leases have been issued on the credit and security of the City of St. Albert at large. Interest expense on the capital leases is $18 (2006 - $0). The capital leases bear interest between 0% and 20.1% (2006 – 0% and 0.2%) and mature in 2008 and 2009.

Lease principal and interest payments are due as follows:

Year	Principal	Interest	Total
2008	$ 165	$ 31	$ 196
2009	79	13	92
	$ 244	$ 44	$ 288

c) Debt Limits

Provincial legislation requires that debt and debt limits as defined in Alberta Regulation 255/2000 for the City of St. Albert be disclosed as follows:

	2007	2006 (Restated – Note 16)
Maximum Allowable Debt	$ 167,896	$ 146,420
Total Debt and Capital Leases	$ 68,299	$ 46,547
Percentage Used (%)	41	32
Maximum Allowable Debt Service	$ 27,983	$ 24,403
Annual Payments on Existing Debt	$ 7,976	$ 6,352
Percentage Used (%)	29	26
Percentage of Expenditures (%)	6	5

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The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the City, rather, the financial statements must be interpreted as a whole.

The City has an operating line of credit with its bank of $5,000 (2006 - $5,000) as at December 31, 2007. This credit facility bears interest at prime plus 0.5% and was not drawn on at December 31, 2007.

6. CAPITAL ASSETS

Asset Classification	Cost December 31, 2006 (Restated – Note 16)	2007 Additions	2007 Disposals	Cost December 31, 2007
Engineered Structure	$ 208,461	$ 39,091	$ -	$ 247,552
Buildings	110,342	4,914	-	115,256
Vehicles	24,992	5,310	(1,560)	28,742
Machinery & Equipment	18,163	2,935	(334)	20,764
Land	13,988	2,280	(26)	16,242
	$ 375,946	$ 54,530	$ (1,920)	$ 428,556

A complete listing of assets for engineered structures as well as the validation of useful life and values, including any discounting by relevant inflation factor, adjustments and write-downs, related to all asset classes will be implemented and completed by December 31, 2008. Hence, amortization of assets (based on a straight-line method of amortization) will be reflected in the City of St. Albert's December 2009 financial statements.

Computers acquired under capital lease in 2007 are $176 (2006 - $322).

7. OPERATING FUND & CAPITAL FUND

a) Operating Fund

The Operating Fund balance is comprised of the following:

	2007	2006 (Restated – Note 16)
City of St. Albert Accumulated Surplus	$ 63	$ 1,001
Utility Accumulated Deficit	(5,106)	(7,052)
St. Albert Public Library Accumulated Surplus	10	3
Arts & Heritage Foundation Accumulated Surplus	153	86
	$ (4,880)	$ (5,962)

THE CITY OF ST. ALBERT
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b) Capital Fund

The Capital Fund balance is comprised of the following:

	2007	2006
Financing Available		
Energy Savings Program	$ 628	$ -
Riel Park Development	425	-
Library Renovations – Building	14	107
Energy Savings Program 2006	8	202
McKenney – Existing to West Road	-	1,103
Woodlands Waterpark Mechanical Rehabilitation	-	406
Campbell Road – Poirier to Kingswood	-	329
Oakmont School / Park Site Development	-	299
Information Technology Strategic Plan	-	190
Corporate Replacement of Radio System (Fire)	-	175
Other Capital Projects	58	750
	1,133	3,561
Amounts to be Financed		
West Regional Road – Stages 2 & 3	(5,981)	-
Transit Replacement Plan (3-12M Buses) 2008	(1,116)	-
Expansion Buses (2-18M) 2008	(1,116)	-
West Regional Road	(483)	(2,332)
Servus Place – Capital Enhancement and Upgrades	-	(146)
Servus Place – Fitness Wellness Centre Equipment	-	(567)
Expansion Buses	-	(1,316)
Servus Place – Building	-	(14,360)
Other Capital Projects	(42)	(501)
	(8,738)	(19,222)
	$ (7,605)	$ (15,661)

8. CONTINGENCIES

a) Insurance Agreement

The City of St. Albert is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the City could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

b) Legal Claims

As at December 31, 2007, the City was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, it is believed that there will be no adverse effect on the financial position of the City of St. Albert.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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c) Outstanding Letters of Credit

As at December 31, 2007, there were outstanding letters of credit issued in favour of the City totalling $848 (2006 - $ 1,067) related to development agreements, representing approximately $1,700 (2006 - $2,134) worth of potential development.

9. PENSION PLANS

a) Local Authorities Pension Plan

Approximately 472 (2006 – 470) employees of the City of St. Albert participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The plan is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The City of St. Albert is required to make current service contributions to the Plan of 7.75% (2006 – 7.75%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.64% (2006 – 10.64%) on pensionable earnings above this amount. Employees of the City of St. Albert are required to make current service contributions of 6.75% (2006 – 6.75%) of pensionable salary up to the year's maximum pensionable salary and 9.64% (2006 – 9.64%) on pensionable salary above this amount.

Total contributions by the City of St. Albert to the Local Authorities Pension Plan in 2007 were $2,363 (2006 - $2,095). Total contributions by the employees of the City of St. Albert to the Local Authorities Pension Plan in 2007 were $2,088 (2006 - $1,865).

At December 31, 2006, the plan reported the value of its assets at $14.6 billion and disclosed an actuarial deficiency of $ 0.7 billion. As at December 31, 2007 plan asset and actuarial deficiency data were unavailable.

b) APEX

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2004, and provides supplementary pension benefits to a prescribed class of employees (19 (2006– 21) beneficiaries). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the City. Employees and the City are required to make current service contributions to APEX of 2.5% and 3% respectively of pensionable earnings up to $111 (2006 - $105).

Total current service contributions by the City to APEX in 2007 were $64 (2006 – $64). Total current service contributions by the employees of the City were $53 (2006 – $53).

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement ages of employees. The cost of post-retirement benefits are fully funded.

As at December 31, 2007 the APEX supplementary pension plan has vested with approximately two-thirds eligible employees. The City has disclosed contributions to the APEX plan.

c) MuniSERP

MuniSERP supplementary overcap retirement plan, to extend LAPP and APEX pension benefit levels beyond the Canada Revenue Agency maximum, commenced on January 1, 2003, and provides supplementary benefits to a prescribed class of employees (19 (2006 – 21) beneficiaries). MuniSERP supplements APEX and LAPP and is a voluntary, non-contributory, non-registered supplementary employee retirement plan (SERP).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement ages of employees. At January 1, 2008, an actuarial valuation has been completed along with corresponding disclosure of designated assets.

The following presents the MuniSERP obligation as at December 31, 2007:

Accrued Benefit Obligation	2007	2006
Balance, beginning of year	$ 81	$ 48
Current service cost and interest cost	20	33
Balance, end of year	$ 101	$ 81

There are no defined benefit plan assets

The significant actuarial assumptions adopted in measuring the City's accrued benefit obligations are as follows:

	2007	2006
Discount Rate	6.5%	6.5%
Rate of compensation increase	4.5%	4.5%

10. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for the elected municipal officials, the chief administrative officer, and the designated officer as required by Alberta Regulation 313/2000 is as follows. This information is not presented in thousands of dollars.

	Salaries (1)	Benefits & Allowances (2)	Total 2007	Total 2006
Mayor P. Chalifoux	$ 62,636	$ 5,295	$ 67,931	$ 78,079
Mayor N. Crouse	13,083	1,565	14,648	-
Councillor L. Bracko	24,816	926	25,742	21,855
Councillor C. Brown	20,405	1,926	22,331	22,680
Councillor J. Burrows	24,966	4,399	29,365	26,056
Councillor N. Crouse	19,619	4,501	24,120	23,701
Councillor L. Garritty	24,216	3,189	27,405	23,263
Councillor G. Jones	4,147	278	4,425	-
Councillor N. Korotash	19,955	643	20,598	20,968
Councillor R. Lemieux	4,147	180	4,327	-
Councillor C. Watamaniuk	4,147	563	4,710	-
Chief Administrative Officer	173,794	44,699	218,493	213,905
Designated Officer	114,052	27,037	141,089	129,106

(1) Salaries include regular base pay and per diems.
(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, Employment Insurance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships, and car allowances.

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. CAPITAL BUDGET

City Council has approved the 2008 Capital Budget totalling $30,927 (2007 - $63,081), of which $672 (2007 - $27,000) will be financed through debenture.

12. BUDGET FIGURES

The 2007 budget figures, which appear in these financial statements, have not been audited. Budgets established for the Capital Fund and related financing are calculated on a project-oriented basis. As these transactions may be carried out over one or more years, they are not directly comparable with current year actual amounts.

13. FINANCIAL INSTRUMENTS

The City's financial instruments consist of cash, temporary investments, taxes receivable, trade and other receivables, investments, accounts payable and accrued liabilities, and long term debt. It is management's opinion that the City is not exposed to significant interest, currency risk or credit arising from these financial instruments.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

a) Market Risk

The City is subject to market risk with its investments. The value of these financial instruments may fluctuate as a result of changes in market prices or factors affecting the net asset value of the underlying investments.

b) Credit Risk

The City is subject to credit risk with respect to taxes receivable and trade and other receivables. Credit risk arises from the possibility that the entities to which the City provides services may experience financial difficulty and be unable to fulfill their obligations. Before engaging in providing services to clients, the City performs a credit risk evaluation. The City's clients are numerous and diverse, which reduces the concentration of credit risk. However, the credit risk is increased due to the fact that all the City's clients are within a close geographical area. The City maintains provisions for potential credit losses, and any such losses to date have been within management's expectations.

14. COMMITMENTS

On February 14, 2007 the Lieutenant Governor in Council approved the request of the City of St. Albert to annex land from Sturgeon County. Effective January 1, 2007 the City's boundaries were extended to include all of the land that St. Albert had requested.

The City will be obligated to pay Sturgeon County $800 at a rate of $80 a year starting in 2009 and ending in 2018. As well there will have to be tax sharing for five years from 2007 to and including 2011. The amount payable to the County during this tax sharing period is not estimable at December 31, 2007 as the amount paid by St. Albert will be dependent upon the pace of development within the annexed lands.

As of April 1, 2007 the City is responsible for the roads within the annexed area. Prior to that date the County was responsible for roadway maintenance and municipal services.

The annexation brings within the boundaries of St. Albert the proposed alignment of the West Regional Road.

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
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15. ALBERTA CENTENNIAL LEGACIES PROGRAM

The City of St. Albert has been awarded a grant in the amount of $250 from the Alberta Government's Centennial Legacies Grant Program, under a contribution agreement dated January 24, 2006. These funds were used exclusively for the construction of the Ted Hole Park, which was completed in September 2007. The City has submitted its 2007 Quarterly Financial Report and certificate letter. The grant of $250, along with the estimated interest of $20 will be forwarded to the City upon approval of certification.

16. PRIOR PERIOD ADJUSTMENTS

During the period, the City identified the following items requiring restatement in the December 31, 2006 comparative figures.

a) The City corrected an error in the way it accounts for its roadway off-site levies (permanent area charges – "PAC's") during the year. The levies are collected each year from developers based on land area developed. The funds collected can only be spent on specific road capital projects. This restriction is set out in the City's bylaws and under the Municipal Government Act. Previously, the levies were recorded as revenue when charged and the excess of revenue over restricted expenses were recorded in the General Transportation Reserve. Retroactive to January 1, 2006, revenue on these charges is recognized to the extent of restricted expenses incurred and the excess of revenue collected over expense is recorded in deferred revenue. The PAC's included in the general transportation reserve at the end of 2006 was $4,021 (2005 - $3,588).

b) The obligation for landfill closure and post-closure costs was not recorded consistent with the City's accounting policies and the requirements of Public Sector Accounting Board Standard 3270 "Solid Waste Landfill Closure and Post-Closure Liability". At December 31, 2006, the obligation was understated by $6,977 (December 31, 2005 - $6,742).

c) The City corrected an error in the method of accounting for fine revenue from the Province of Alberta. The accounting was changed from the cash method to the accrual method. The amount of fine revenue receivable (net of allowance for doubtful accounts) as of December 31, 2006 was $1,001 (2005 - $1,001).

d) The City corrected an error in the method of accounting for capital recreation levy revenue. The accounting was changed from the cash method to the accrual method. The amount of levy revenue receivable (net of allowance for doubtful accounts) as of December 31, 2006 was $720 (2005 - $590).

e) In the previous year, the City did not record permanent area charges on its Campbell Business Park developments appropriately. The City recorded approximately $673 of these charges as physical assets acquired as an expense, however did not record an increase in its capital assets or equity in capital assets on the statement of financial position.

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These corrections have been recorded on a retroactive basis and accordingly the comparative financial statements have been restated as follows.

Statement of Financial Position	As previously stated	(a) Deposits and trust liabilities	(b) Landfill closure and post-closure	(c) Fine Revenue	(d) Capital Rec. Levies	(e) Physical Assets	As restated
Trade and Other Receivables	$ 6,649	$ -	$ -	$ 1,001	$ 720	$ -	$ 8,370
Deferred Revenue	17,433	4,021	-	-	-	-	21,454
Landfill Liability	-	-	6,977	-	-	-	6,977
Capital Assets	375,273	-	-	-	-	673	375,946
Operating Fund	89	-	(7,052)	1,001	-	-	(5,962)
Capital Fund	(15,661)	-	-	-	-	-	(15,661)
Reserve Fund	31,649	(4,021)	75	-	720	-	28,423
Total Fund Balances	16,077	(4,021)	(6,977)	1,001	720	-	6,800
Equity in Capital Assets	329,065	-	-	-	-	673	329,738
Accumulated Surplus	$345,142	$ (4,021)	$ (6,977)	$ 1,001	$ 720	$ 673	$336,538

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(000'S)

Statement of Financial Activities	As previously stated	(a) Deposits and trust liabilities	(b) Landfill closure and post-closure	(c) Fine Revenue	(d) Capital Rec. Levies	(e) Physical Assets	As restated
Revenue	$ 119,841	$ (433)	$ -	$ -	$ 130	$ -	$ 119,538
Expenditures	136,310	-	235	-	-	-	136,545
Long Term Debt issued	22,395	-	-	-	-	-	22,395
Change in Fund Balances	5,926	(433)	(235)	-	130	-	5,388
Fund balances, beginning of period	10,151	(3,588)	(6,742)	1,001	590	-	1,412
Fund balances, end of period	$ 16,077	$ (4,021)	$ (6,977)	$ 1,001	$ 720	$ -	$ 6,800

Certain other comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period.

SCHEDULES

Schedule 1

THE CITY OF ST. ALBERT
SCHEDULE OF OPERATING FUND FINANCIAL ACTIVITIES
AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	2007	Budget 2007 (Note 12)	2006 (Restated - Note 16)
Revenue			
Taxes Available for Municipal Purposes (Schedule 5)	$ 56,674	$ 56,687	$ 51,921
Sales and User Fees (Schedule 7)	33,509	34,468	28,045
Government Grants (Schedule 8)	5,187	4,223	4,275
Fines and Penalties	3,106	3,160	3,104
Licenses and Permits	1,704	1,406	1,741
Other Revenue	1,597	840	1,242
Franchise Fees	1,217	1,592	1,379
Return on Investments	545	445	-
Total Revenue	103,539	102,821	91,707
Expenditures			
Recreation and Parks	16,894	17,728	12,190
Protective Services	16,883	16,736	15,675
Utility Services (Schedule 9)	15,815	16,232	14,949
General Government Services	8,709	9,258	8,424
Transportation and Roadway Services	7,878	9,501	6,893
Cultural Services	7,161	6,850	6,818
Transit Services	7,153	7,013	6,128
Planning and Development Services	2,614	2,044	1,897
Family and Social Services	1,946	1,896	1,906
Total Expenditures	85,053	87,258	74,880
Excess of Revenue Over Expenditures	18,486	15,563	16,827
Net Interfund Transfers			
Transfer to Capital Fund	(11,816)	(10,861)	(15,455)
Transfer from (to) Operating Reserve Fund	(2,015)	67	1,752
Transfer from Enterprise Reserve Fund	737	-	-
Repayment of Long Term Debt	(4,310)	(4,769)	(3,427)
Change in Fund Balance	1,082	-	(303)
Opening Balance	(5,962)	-	(5,659)
Closing Balance	$ (4,880)	$ -	$ (5,962)
Closing Balance Represented By:			
Municipal Operations	$ 63	$ -	$ 1,001
Utility Operations	(5,106)	-	(7,052)
Library	10	-	3
Arts & Heritage Foundation	153	-	86
	$ (4,880)	$ -	$ (5,962)

Schedule 2

THE CITY OF ST. ALBERT
SCHEDULE OF CAPITAL FUND FINANCIAL ACTIVITIES
AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	2007	Budget (Note 12)	2006 (Restated – Note 16)
Revenue			
Government Grants (Schedule 8)	$ 20,071	$ 18,551	$ 21,925
Return on Investments	3,230	-	1,295
Developer Contributions and Levies	3,069	-	2,628
Other Capital Revenue	2,092	-	1,983
Total Revenue	28,462	18,551	27,831
Expenditures			
Transportation and Roadway Services	32,986	39,194	22,274
Utility Services	6,518	6,956	9,126
Protective Services	5,509	7,832	299
Transit Services	5,035	4,200	5,705
Recreation and Parks	3,117	3,366	23,086
General Government Services	1,014	1,288	975
Cultural Services	351	95	176
Family and Community Support Services	-	-	24
Planning and Development Services	-	150	-
Total Expenditures	54,530	63,081	61,665
Deficiency of Revenue Over Expenditures	(26,068)	(44,530)	(33,834)
Net Interfund Transfers			
Transfer from Operating Fund	11,816	10,861	15,455
Transfer from (to) Capital Reserve Fund	(3,294)	6,669	(4,281)
Transfer to Enterprise Reserve Fund	(799)	-	-
Long Term Debt Issued	26,401	27,000	25,822
Change in Fund Balance	8,056	-	3,162
Opening Balance	(15,661)	-	(18,823)
Closing Balance (Note 7)	$ (7,605)	$ -	$ (15,661)

Schedule 3

THE CITY OF ST. ALBERT
SCHEDULE OF RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007
(000'S)

	Balance Beginning of Year (Restated – Note 16)	Contributions	Reductions	Balance End of Year
Operating Reserves				
General Government	$ 3,180	$ 2,969	$ (809)	$ 5,340
Arts and Heritage Foundation	226	9	-	235
Utilities	230	209	(204)	235
Museum	78	10	-	88
Library	56	10	-	66
Servus Place	179	-	(179)	-
	3,949	3,207	(1,192)	5,964
Capital Reserves				
General Government	17,270	13,810	(8,083)	22,997
Utilities	5,463	4,182	(5,026)	4,619
Library	107	74	(29)	152
Servus Place	1,634	-	(1,634)	-
	24,474	18,066	(14,772)	27,768
Enterprise Reserves				
Servus Place	-	3,208	(3,146)	62
Reserve Fund Total	$ 28,423	$ 24,481	$ (19,110)	$ 33,794

Schedule 4

THE CITY OF ST. ALBERT
SCHEDULE OF EQUITY IN CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	2007	Budget 2007 (Note 12)	2006 (Restated - Note 16)
Acquisition of Capital Assets			
Transportation and Roadway Services	$ 32,986	$ 39,194	$ 22,274
Utility Services	6,518	6,956	9,126
Protective Services	5,509	7,832	299
Transit Services	5,035	4,200	5,705
Recreation and Parks	3,117	3,366	23,086
General Government Services	1,014	1,288	975
Cultural Services	351	95	176
Family and Community Support Services	-	-	24
Planning and Development Services	-	150	-
	54,530	63,081	61,665
Disposal of Capital Assets (Cost)			
General Government Services	(55)	-	-
Transportation and Roadway Services	(370)	-	(290)
Transit Services	(1,495)	-	(980)
	(1,920)	-	(1,270)
Net Change in Capital Assets	52,610	63,081	60,395
Long Term Debt Issued	(26,401)	(27,000)	(25,822)
Repayment of Long Term Debt	4,310	4,769	3,427
Change in Equity Balance	30,519	40,850	38,000
Opening Balance	329,738	307,682	291,738
Closing Balance	$ 360,257	$ 348,532	$ 329,738

Closing Balance Represented By:

Capital Assets	$ 428,556	$ 375,946
Less: Long Term Debt	(68,299)	(46,547)
Plus: Operating Portion of Long Term Debt	-	339
	$ 360,257	$ 329,738

Schedule 5

THE CITY OF ST. ALBERT
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	2007	Budget 2007 (Note 12)	2006
Taxation			
Real Property Taxes	$ 76,709	$ 76,592	$ 70,730
Linear Property Taxes	1,323	1,323	1,300
Government Grants in Place of Property Taxes	809	851	812
Special Assessments and Local Improvement Taxes	25	148	205
	78,866	78,914	73,047
Requisitions			
Alberta School Foundation Fund	14,413	14,406	13,550
St. Albert Protestant Separate School District #6	7,025	7,032	6,950
Sturgeon Foundation Requisition	428	438	410
Other	326	351	216
	22,192	22,227	21,126
Taxes Available for Municipal Purposes	$ 56,674	$ 56,687	$ 51,921

Schedule 6

THE CITY OF ST. ALBERT
SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	2007	Budget 2007 (Note 12)	2006 (Restated - Note 16)
Expenditures			
Physical Assets Acquired	$ 54,530	$ 63,081	$ 61,665
Salaries, Wages, and Benefits	42,346	40,941	36,577
Contracted and General Services	16,007	16,029	14,896
Purchases from Other Governments	11,393	12,564	11,138
Materials, Goods, and Utilities	10,829	9,900	9,334
Interest on Long Term Debt	2,818	5,008	1,498
Transfers to Individuals & Organizations	1,118	2,007	1,096
Other Expenditures	542	809	341
Total Expenditures	$ 139,583	$ 150,339	$ 136,545

Schedule 7

THE CITY OF ST. ALBERT
SCHEDULE OF CONSOLIDATED SALES AND USER FEES
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	2007	Budget 2007 (Note 12)	2006
Sales and User Fees			
Wastewater Charges	$ 7,332	$ 7,636	$ 6,931
Water Charges	6,997	7,274	6,626
Admission Fees	3,460	5,120	1,731
Solid Waste Charges	2,648	2,553	2,433
Transit Fares	2,561	2,534	2,423
Sale of Land	2,451	1,348	1,258
Storm Sewer Charges	1,598	1,519	1,357
Rentals	1,581	1,886	988
Lesson Fees	1,210	1,259	711
Ambulance Fees	756	608	593
Other	754	683	586
Planning Fees	726	625	878
Recovered Costs	561	373	672
Sale of Goods	333	449	317
Library Fees	238	258	243
Tax Certificates and Inquiries	194	218	180
Emergency Response Fees	109	125	118
Total Sales and User Fees	$ 33,509	$ 34,468	$ 28,045

Schedule 8

THE CITY OF ST. ALBERT
SCHEDULE OF GOVERNMENT GRANTS
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	2007	Budget 2007 (Note 12)	2006
Operating Fund			
Provincial Grants	$ 5,035	$ 4,223	$ 4,194
Federal Grants	152	-	81
	5,187	4,223	4,275
Capital Fund			
Provincial Grants	20,071	18,551	21,925
	20,071	18,551	21,925
Total Government Grants	$ 25,258	$ 22,774	$ 26,200

Schedule 9

THE CITY OF ST. ALBERT
SCHEDULE OF UTILITY OPERATIONS
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	Water	Wastewater	Storm	Waste	2007 Total	2006 Total (Restated – Note 16)
Revenue						
Sales and User Fees	$ 6,997	$ 7,332	$ 1,598	$ 2,648	$ 18,575	$ 17,347
Government Grants	-	-	-	242	242	2
Fines and Penalties	28	28	6	10	72	74
Other Revenue	6	4	8	9	27	177
Total Revenue	7,031	7,364	1,612	2,909	18,916	17,600
Expenditures						
Purchases from Other Governments	3,249	3,683	-	-	6,932	6,793
Contracted and General Services	857	1,144	444	1,755	4,200	3,921
Salaries, Wages, and Benefits	1,056	1,007	158	589	2,810	2,570
Other Expenditures	193	258	28	600	1,079	953
Materials, Goods, and Utilities	585	149	37	15	786	680
Interest on Long Term Debt	8	-	-	-	8	32
Total Expenditures	5,948	6,241	667	2,959	15,815	14,949
Excess (Deficiency) of Revenue Over Expenditures	1,083	1,123	945	(50)	3,101	2,651
Net Interfund Transfers						
Transfer (to) from Capital	(1,062)	(1,106)	(996)	2,057	(1,107)	(2,596)
Transfer from (to) Reserve Fund	10	(13)	60	(62)	(5)	(136)
Repayment of Long Term Debt	(31)	(4)	(9)	-	(44)	(228)
Change in Fund Balance	-	-	-	1,945	1,945	(309)
Opening Balance	-	-	-	(7,051)	(7,051)	(6,742)
Closing Balance	$ -	$ -	$ -	$ (5,106)	$ (5,106)	$ (7,051)

Schedule 10

THE CITY OF ST. ALBERT
ST. ALBERT PUBLIC LIBRARY
SCHEDULE OF FINANCIAL ACTIVITIES AND
CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	2007	2006
Revenue		
Contributed from the City of St. Albert	$ 2,243	$ 2,020
Sales and User Fees	307	309
Government Grants	282	393
Donations	35	13
Other Revenue	15	17
Total Revenue	2,882	2,752
Expenditures		
Salaries, Wages, and Benefits	2,006	1,822
Materials, Goods, and Utilities	682	637
Capital Assets Acquired	122	132
Contracted and General Services	100	110
Total Expenditures	2,910	2,701
Change in Fund Balances	$ (28)	$ 51
Represented By:		
Operating Fund	$ 10	$ 4
Capital Fund	(93)	(4)
Reserve Fund	55	51
	$ (28)	$ 51

Schedule 11

THE CITY OF ST. ALBERT
ARTS & HERITAGE FOUNDATION OF ST. ALBERT
SCHEDULE OF FINANCIAL ACTIVITIES AND
CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	2007	2006
Revenue		
Contributed from the City of St. Albert	$ 911	$ 911
Other Revenue	229	204
Sales and User Fees	228	223
Donations	33	34
Total Revenue	1,401	1,372
Expenditures		
Salaries, Wages, and Benefits	868	855
Contracted and General Services	205	148
Materials, Goods, and Utilities	196	156
Capital Assets Acquired	41	2
Other Expenditures	15	56
Total Expenditures	1,325	1,217
Change in Fund Balances	$ 76	$ 155
Represented By:		
Operating Fund	$ 67	$ 3
Capital Fund	-	-
Reserve Fund	9	152
	$ 76	$ 155

2007
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Statistical Section

THE CITY OF St. Albert

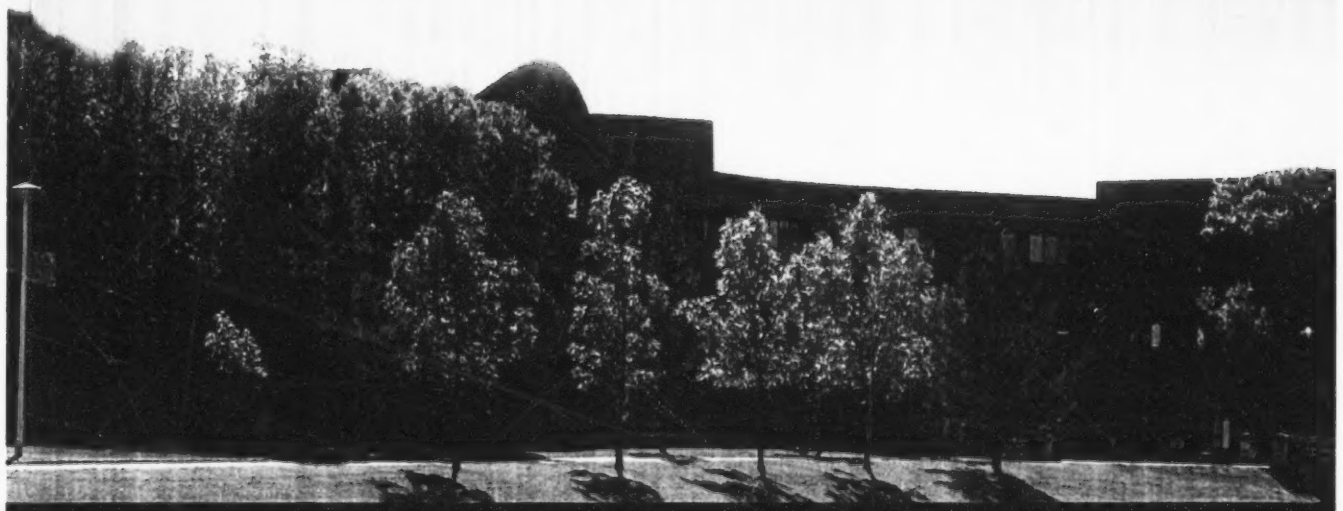
Schedule 11

THE CITY OF ST. ALBERT
ARTS & HERITAGE FOUNDATION OF ST. ALBERT
SCHEDULE OF FINANCIAL ACTIVITIES AND
CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31
(000'S)

	2007	2006
Revenue		
Contributed from the City of St. Albert	$ 911	$ 911
Other Revenue	229	204
Sales and User Fees	228	223
Donations	33	34
Total Revenue	1,401	1,372
Expenditures		
Salaries, Wages, and Benefits	868	855
Contracted and General Services	205	148
Materials, Goods, and Utilities	196	156
Capital Assets Acquired	41	2
Other Expenditures	15	56
Total Expenditures	1,325	1,217
Change in Fund Balances	$ 76	$ 155
Represented By:		
Operating Fund	$ 67	$ 3
Capital Fund	-	-
Reserve Fund	9	152
	$ 76	$ 155

2007
Annual Financial Report

Statistical Section



THE CITY OF St. Albert

THE CITY OF ST. ALBERT
STATISTICAL SUMMARY
2003 – 2007

	2007	2006	2005	2004	2003
Population	58,600*	57,150**	56,310*	54,588*	54,588*
Area (In Hectares)	4,966	3,606	3,606	3,606	3,606
Building Permits					
Value ($ in 000's)					
Residential	$ 125,260	$ 151,558	$ 115,928	$ 92,707	$ 83,347
Commercial	32,672	26,619	17,510	4,093	20,822
Industrial	7,904	13,480	2,840	1,886	5,565
Institutional	29,825	3,902	58,347	23,395	3,795
	$ 195,661	$ 195,559	$ 194,625	$ 122,081	$ 113,529
Number of Building Permits Issued					
Residential	811	891	892	797	773
Commercial	71	85	70	77	76
Industrial	44	34	36	24	20
Institutional	11	10	27	10	10
	937	1,020	1,025	908	879
Parks (In Hectares)					
Red Willow Park	160	160	160	160	160
Neighbourhood Parks	239	239	239	239	227
Tax Collections					
Percentage of Current Taxes Collected					
Residential & Non-Residential Property	99.1	99.1	98.9	98.9	98.7
Long Term Debt					
Total Long Term Debt ($ in 000's)	$ 68,299	$ 46,547	$ 24,462	$ 18,495	$ 22,437
Debt Per Capita	$ 1,165	$ 814	$ 434	$ 339	$ 411
Percentage of Total Debt to be Retired					
Within 5 Years	31.0	36.5	54.6	75.8	72.3
Within 10 Years	54.1	58.0	76.2	100.0	100.0
Budget					
Approved Tax Increase	6.40	2.98	13.38	4.98	5.08
Capital Expenditures					
Total ($ in 000's)	$ 54,530	$ 61,665	$ 55,091	$ 13,275	$ 9,282
Expressed as a Percentage of Total					
Engineering Structures	71.7	48.5	48.8	65.8	58.2
Buildings	9.0	33.9	42.4	14.5	15.9
Land for Own Use	4.2	3.7	5.4	5.6	0.0
Vehicles	9.7	3.9	2.2	5.3	11.6
Machinery and Equipment	5.4	10.0	1.2	8.8	14.3

*Population Based on Municipal Census
**Population Based on Statistics Canada Census

THE CITY OF ST. ALBERT
STATISTICAL SUMMARY
2003 – 2007
- continued -

	2007	2006	2005	2004	2003
Annual Increase in CPI–Statistics Canada					
Alberta	**5.0%**	3.9%	2.1%	1.4%	4.4%
Canada	**2.2%**	2.0%	2.2%	1.9%	2.8%
Unemployment Rate-Statistics Canada					
Alberta	**3.5%**	3.4%	3.9%	4.6%	5.1%
Canada	**6.0%**	6.3%	6.8%	7.2%	7.6%

THE CITY OF ST. ALBERT
CONSOLIDATED FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2003 – 2007
(000'S)

	2007	2006 Restated (Note 16)	2005	2004	2003
Revenue					
Taxes Available for Municipal Purposes	$ 56,674	$ 51,921	$ 48,621	$ 41,638	$ 38,041
Sales and User Fees	33,509	28,045	25,226	22,061	21,073
Government Grants	25,258	26,200	15,562	8,229	4,190
Return on Investments	3,775	1,295	1,828	1,034	1,123
Other Revenue	3,689	3,225	950	1,014	761
Fines and Penalties	3,106	3,104	2,915	3,182	2,757
Developer Contributions and Levies	3,069	2,628	3,120	1,449	1,882
Licenses and Permits	1,704	1,741	1,885	1,334	1,265
Franchise Fees	1,217	1,379	1,391	1,133	1,169
Total Revenue	132,001	119,538	101,498	81,074	72,261
Expenditures					
Transportation and Roadway Services	40,864	29,167	23,554	15,062	10,316
Protective Services	22,392	15,974	15,066	13,715	12,999
Utility Services	22,333	24,075	25,830	14,224	11,295
Recreation and Parks	20,011	35,276	32,962	9,848	9,258
Transit Services	12,188	11,833	6,284	4,898	4,980
General Government Services	9,723	9,399	8,278	7,620	8,960
Cultural Services	7,512	6,994	7,375	6,467	6,163
Planning and Development Services	2,614	1,897	1,679	2,157	1,651
Family and Social Services	1,946	1,930	1,863	1,560	1,582
Total Expenditures	139,583	136,545	122,891	75,551	67,204
(Deficiency) Excess of Revenue Over Expenditures	(7,582)	(17,007)	(21,393)	5,523	5,057
Add: Long Term Debt Issued	26,401	25,822	10,086	111	1,054
Deduct: Repayment of Long Term Debt	(4,310)	(3,427)	(3,835)	(3,794)	(4,256)
Change in Fund Balances	$ 14,509	$ 5,388	$ (15,142)	$ 1,840	$ 1,855
Represented by:					
Operating Fund	$ 1,082	$ (303)	$ 19	$ (7)	$ (2,066)
Capital Fund	8,056	3,162	(15,949)	(2,458)	241
Reserve Fund	5,371	2,529	788	4,305	3,680
	$ 14,509	$ 5,388	$ (15,142)	$ 1,840	$ 1,855

THE CITY OF ST. ALBERT
OPERATING FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2003 - 2007
(000'S)

	2007	2006 Restated (Note 16)	2005	2004	2003
Revenue					
Taxes Available for Municipal Purposes	$ 56,674	$ 51,921	$ 48,621	$ 41,638	$ 38,041
Sales and User Fees	33,509	28,045	25,226	22,061	21,073
Government Grants	5,187	4,275	4,094	3,159	2,554
Fines and Penalties	3,106	3,104	2,915	3,182	2,757
Licenses and Permits	1,704	1,741	1,885	1,334	1,265
Other Revenue	1,597	1,242	690	840	593
Franchise Fees	1,217	1,379	1,391	1,133	1,169
Return on Investments	545	-	346	226	122
Total Revenue	103,539	91,707	85,168	73,573	67,574
Expenditures					
Recreation and Parks	16,894	12,190	9,061	7,714	7,475
Protective Services	16,883	15,675	14,875	13,612	12,841
Utility Services	15,815	14,949	13,877	12,003	10,652
General Government Services	8,709	8,424	7,856	7,283	7,809
Transportation and Roadway Services	7,878	6,893	6,618	7,593	5,677
Cultural Services	7,161	6,818	6,466	6,146	6,043
Transit Services	7,153	6,128	5,533	4,671	4,192
Planning and Development Services	2,614	1,897	1,679	1,694	1,651
Family and Social Services	1,946	1,906	1,835	1,560	1,582
Total Expenditures	85,053	74,880	67,800	62,276	57,922
Excess of Revenue Over Expenditures	18,486	16,827	17,368	11,297	9,652
Net Interfund Transfers					
Transfer (to) Capital Fund	(11,816)	(15,455)	(9,726)	(8,022)	(7,087)
Transfer from (to) Operating Reserve	(2,015)	1,752	(3,788)	512	(375)
Transfers from (to) Enterprise Reserve	737	-	-	-	-
Repayment of Long Term Debt	(4,310)	(3,427)	(3,835)	(3,794)	(4,256)
Change in Fund Balance	1,082	(303)	19	(7)	(2,066)
Opening Balance	(5,962)	(5,659)*	63	70	2,136
Closing Balance	$ (4,880)	$ (5,962)	$ 82	$ 63	$ 70
Closing Balance Represented by:					
Municipal Operations	$ 63	$ 1,001	$ -	$ -	$ -
Utility Operations	(5,106)	(7,052)	-	-	-
Library	10	3	(1)	-	7
Arts & Heritage Foundation	153	86	83	63	63
	$ (4,880)	$ (5,962)	$ 82	$ 63	$ 70

* As restated see Note 16

THE CITY OF ST. ALBERT
CAPITAL FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2003- 2007
(000'S)

	2007	2006 Restated (Note 16)	2005	2004	2003
Revenue					
Government Grants	$ 20,071	$ 21,925	$ 11,468	$ 5,070	$ 1,636
Return on Investments	3,230	1,295	1,482	808	1,001
Developer Contributions and Levies	3,069	2,628	3,120	1,449	1,882
Other Capital Revenue	2,092	1,983	260	174	168
Total Revenue	28,462	27,831	16,330	7,501	4,687
Expenditures					
Transportation and Roadway Services	32,986	22,274	16,936	7,469	4,639
Utility Services	6,518	9,126	11,953	2,221	643
Protective Services	5,509	299	191	103	158
Transit Services	5,035	5,705	751	227	788
Recreation and Parks	3,117	23,086	23,901	2,134	1,783
General Government Services	1,014	975	422	337	1,151
Cultural Services	351	176	909	321	120
Family and Social Services	-	24	28	-	-
Planning and Development Services	-	-	-	463	-
Total Expenditures	54,530	61,665	55,091	13,275	9,282
Deficiency of Revenue Over Expenditures	(26,068)	(33,834)	(38,761)	(5,774)	(4,595)
Net Interfund Transfers					
Transfer from Operating Fund	11,816	15,455	9,726	8,022	7,087
Transfer (to) from Capital Reserve	(3,294)	(4,281)	3,000	(4,817)	(3,305)
Transfer to Enterprise Reserve	(799)	-	-	-	-
Long Term Debt Issued	26,401	25,822	10,086	111	1,054
Change in Fund Balance	8,056	3,162	(15,949)	(2,458)	241
Opening Balance	(15,661)	(18,823)	(2,874)	(416)	(657)
Closing Balance	$ (7,605)	$ (15,661)	$ (18,823)	$ (2,874)	$ (416)

THE CITY OF ST. ALBERT
CONSOLIDATED REVENUE BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2003 - 2007
(000'S)

Function	2007	2006 Restated (Note 16)	2005	2004	2003
General Revenue	$ 58,956	$ 52,075	$ 49,878	$ 43,826	$ 39,529
Utility Services	23,880	25,060	20,508	15,848	14,296
Protective Services	12,407	7,097	6,833	4,641	4,132
Transportation and Roadway Services	12,153	12,884	9,289	5,347	2,090
Recreation and Parks	9,495	7,632	3,823	2,596	3,162
Transit Services	4,887	5,269	2,413	2,336	2,218
Planning and Development Services	3,285	2,215	1,833	1,281	1,737
General Government Services	2,881	3,385	2,338	1,677	1,845
Cultural Services	2,776	2,674	3,312	2,455	2,163
Family and Social Services	1,281	1,247	1,271	1,067	1,089
Total Revenue	$ 132,001	$ 119,538	$ 101,498	$ 81,074	$ 72,261

THE CITY OF ST. ALBERT
CONSOLIDATED EXPENDITURES BY OBJECT
FOR THE YEARS ENDED DECEMBER 31, 2003 - 2007
(000'S)

Expenditures	2007	2006 Restated (Note 16)	2005	2004	2003
Physical Assets Acquired	$ 54,530	$ 61,665	$ 55,091	$ 13,275	$ 9,282
Salaries, Wages, and Benefits	42,346	36,577	32,964	30,558	27,739
Contracted and General Services	16,007	14,896	12,901	11,937	10,010
Purchases from Other Governments	11,393	11,138	10,596	9,601	9,207
Materials, Goods, and Utilities	10,829	9,334	8,159	7,402	7,787
Interest on Long Term Debt	2,818	1,498	1,586	1,704	2,055
Transfers to Individuals and Organizations	1,118	1,096	1,034	831	753
Other Expenditures	542	341	560	243	371
Total Expenditures	$ 139,583	$ 136,545	$ 122,891	$ 75,551	$ 67,204

THE CITY OF ST. ALBERT
TAXATION / ASSESSMENT
FOR THE YEARS ENDED DECEMBER 31, 2003 – 2007

	2007	2006	2005	2004	2003
Taxation (Mills)					
Municipal – Residential	**8.592**	9.777	10.307	9.354	9.615
Municipal – Non-Residential	**13.405**	14.529	15.002	14.095	13.839
Public School (Catholic)					
Residential	**3.242**	3.857	4.227	4.202	4.400
Non-Residential	**4.894**	5.810	6.338	6.855	6.968
Separate School (Protestant)					
Residential	**3.242**	3.857	4.227	4.202	4.400
Non-Residential	**4.894**	5.810	6.338	6.855	6.968
Assessment					
Residential – Market Value	**19.82%**	4.82%	3.24%	7.90%	12.04%
Residential – Growth	**3.85%**	3.70%	2.78%	4.64%	4.50%
Non-Residential – Market Value	**14.18%**	1.96%	3.41%	3.08%	3.30%
Non-Residential – Growth	**5.65%**	4.39%	3.58%	5.53%	4.63%

THE CITY OF ST. ALBERT
TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES
FOR THE YEARS ENDED DECEMBER 31, 2003 - 2007
(000'S)

	2007	2006	2005	2004	2003
Taxable Assessment					
Residential	$ 5,606,431	$ 4,501,491	$ 3,999,998	$ 3,769,534	$ 3,338,265
Commercial	415,433	349,444	314,065	291,776	259,536
Industrial	134,085	98,832	87,018	77,021	66,893
Special and Other	74,128	69,400	61,520	51,857	57,293
Taxable Assessment	6,230,077	5,019,167	4,462,601	4,190,188	3,721,987
Government Grants in Place of Property Taxes	42,093	38,079	38,404	38,389	38,478
Total Taxable Assessment and Government Grants in Place of Property Taxes	$ 6,272,170	$ 5,057,246	$ 4,501,005	$ 4,228,577	$ 3,760,465
Percentage of Total Taxable Assessment and Government Grants in Place of Property Taxes					
Represented by:					
Residential	89.4%	89.0%	88.9%	89.1%	88.8%
Commercial	6.6%	6.9%	6.9%	6.9%	6.9%
Industrial	2.1%	1.9%	1.9%	1.8%	1.8%
Special and Other	1.2%	1.4%	1.4%	1.2%	1.5%
Grants in Place	.7%	.8%	.9%	1.0%	1.0%
Residential/Non-Residential Assessment Split *					
Residential	89.4%	89.0%	89.0%	89.2%	88.9%
Non-Residential	10.6%	11.0%	11.0%	10.8%	11.1%

* With grant in place allocated between residential and non-residential.

THE CITY OF ST. ALBERT
PROPERTY TAXES LEVIED
FOR THE YEARS ENDED DECEMBER 31, 2003 - 2007
(000'S)

	2007	2006	2005	2004	2003
Taxation					
Real Property Taxes	$ 76,709	$ 70,730	$ 67,027	$ 59,066	$ 53,954
Linear Property Taxes	1,323	1,300	1,279	1,062	1,054
Government Grants in Place of Property Taxes	809	812	777	762	760
Special Assignments and Local Improvement Taxes	25	205	205	275	338
	78,866	73,047	69,288	61,165	56,106
Requisitions					
Alberta School Foundation Fund	14,413	13,550	13,125	12,304	11,356
St. Albert Protestant Separate School District #6	7,025	6,950	6,965	6,649	6,248
Sturgeon Foundation Requisition	428	410	418	402	377
Other	326	216	159	172	84
	22,192	21,126	20,667	19,527	18,065
Taxes Available for Municipal Purposes	$ 56,674	$ 51,921	$ 48,621	$ 41,638	$ 38,041

THE CITY OF ST. ALBERT
TAX COLLECTION
FOR THE YEARS ENDED DECEMBER 31, 2003 – 2007
(000'S)

	2007	2006	2005	2004	2003
Current Levy	$ 78,866	$ 73,047	$ 69,288	$ 61,165	$ 56,106
Taxes Receivable					
Current	$ 806	$ 739	$ 875	$ 788	$ 728
In Arrears for More than One Year	249	262	297	242	201
	1,055	1,001	1,172	1,030	929
Allowance	-	-	-	-	(2)
Net Taxes Receivable	$ 1,055	$ 1,001	$ 1,172	$ 1,030	$ 927
Taxes Outstanding as a Percentage of the Current Levy (Before Allowance)					
Current	1.0%	1.0%	1.3%	1.3%	1.3%
In Arrears for More than One Year	0.3%	0.4%	0.4%	0.4%	0.4%

Ten principle taxpayers make up 5% of the 2007 tax levy; therefore, no undue reliance is placed upon any one taxpayer.

THE CITY OF ST. ALBERT
LONG TERM DEBT
FOR THE YEARS ENDED DECEMBER 31, 2003 - 2007
(000'S)

	2007	2006	2005	2004	2003
Long Term Debt					
Tax Supported	$ 68,239	$ 46,436	$ 24,099	$ 17,899	$ 21,325
User Supported	-	25	205	366	582
Utility Rates Supported	60	86	158	230	530
Total Long Term Debt	$ 68,299	$ 46,547	$ 24,462	$ 18,495	$ 22,437

THE CITY OF ST. ALBERT
DEBT LIMIT AND DEBT PAYMENT
FOR THE YEARS ENDED DECEMBER 31, 2003 - 2007
(000'S)

	2007	2006 (Restated – Note 16)	2005	2004	2003
Debt Limits					
Maximum Allowable Debt	$ 167,896	$ 146,420	$ 135,045	$ 114,006	$ 105,938
Total Debt and Loans	68,299	46,547	24,365	18,272	22,135
Percentage Used (%)	41	32	18	16	21
Maximum Allowable Annual Debt Payments					
Maximum Allowable Annual Debt Payment	$ 27,983	$ 24,403	$ 22,508	$ 19,001	$ 17,656
Annual Payments on Existing Debt	7,976	6,352	5,184	5,273	5,740
Percentage Used (%)	29	26	23	28	33
Percentage of Expenditures (%)	6	5	4	7	9

THE CITY OF ST. ALBERT
RESERVE FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2003 - 2007
(000'S)

	2007	2006	2005	2004	2003
Operating Reserves					
General Government	$ 5,340	$ 3,180	$ 5,813	$ 2,035	$ 2,648
Arts & Heritage Foundation	235	226	74	78	66
Utilities	235	230	-	-	-
Museum	88	78	83	74	65
Library	66	56	90	85	5
Servus Place	-	179	-	-	-
	5,964	3,949	6,060	2,272	2,784
Capital Reserves					
General Government	22,997	17,270	18,239	15,605	11,764
Utilities	4,619	5,463	4,568	10,227	9,172
Library	152	107	25	-	79
Servus Place	-	1,634	-	-	-
	27,768	24,474	22,832	25,832	21,015
Enterprise Reserves					
Servus Place	62	-	-	-	-
Reserve Fund Total	$ 33,794	$ 28,423	$ 28,892	$ 28,104	$ 23,799